

NEW ISSUE - Book-Entry Only

In the opinion of Sherman & Howard L.L.C., Bond Counsel, assuming continuous compliance with certain covenants and representations described herein, interest on the 2012 Series B Bonds (except for interest on any 2012 Series B Bond for any period during which it is held by a "substantial user" of any facilities financed with the 2012 Series B Bonds or a "related person" as such terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended to the date of delivery of the 2012 Series B Bonds (the "Tax Code")) is excluded from gross income under federal income tax laws pursuant to Section 103 of the Tax Code; further, interest on the 2012 Series B Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code. In addition, in the opinion of Bond Counsel, the 2012 Series B Bonds, their transfer and the income therefrom shall at all times be free from taxation by the State of Colorado under Colorado law in effect on the date of delivery of the 2012 Series B Bonds. See "Part I – TAX MATTERS."



\$17,450,000

COLORADO HOUSING AND FINANCE AUTHORITY

Multi-Family/Project Class I Bonds, 2012 Series B (non-AMT)

Dated: Date of Delivery

Due: As shown below

The 2012 Series B Bonds shown above are being issued by the Colorado Housing and Finance Authority as fully registered bonds pursuant to a Master Indenture of Trust dated as of March 1, 2000, as amended, and a 2012 Series B Indenture of Trust dated as of October 1, 2012, each between the Authority and Wells Fargo Bank, National Association, as Trustee. Proceeds of the 2012 Series B Bonds are expected to be used to fund a loan to Residences at University Hills LLC to finance a portion of the costs of the acquisition, construction and equipping of a rental housing facility providing independent living for seniors as described herein, in accordance with the 2012 Series B Indenture.

The 2012 Series B Bonds will bear interest at the fixed interest rates shown below. Interest on the 2012 Series B Bonds will be payable on each April 1 and October 1, commencing on April 1, 2013, on any redemption date and at maturity.

The 2012 Series B Bonds, when issued, will be registered in the name of Cede & Co., as holder of the 2012 Series B Bonds and nominee of The Depository Trust Company, New York, New York. One fully registered bond equal to the principal amount of each maturity of the 2012 Series B Bonds will be registered in the name of Cede & Co. Individual purchases of 2012 Series B Bonds will be made in book-entry form only, and beneficial owners of the 2012 Series B Bonds will not receive physical delivery of bond certificates representing their interest in the 2012 Series B Bonds, except as described herein. Payments of principal of and interest on the 2012 Series B Bonds will be made directly to DTC or its nominee, Cede & Co., by the Paying Agent, so long as DTC or Cede & Co. is the sole registered owner. Upon receipt of payments of principal and interest, DTC is to remit such payments to the DTC participants for subsequent disbursement to the beneficial owners of the 2012 Series B Bonds. Disbursement of such payments to DTC participants is the responsibility of DTC, and disbursement of such payments to the beneficial owners of the 2012 Series B Bonds is the responsibility of the DTC participants and the indirect participants, as more fully described herein.

MATURITY SCHEDULE

2012 Series B Bonds (CUSIP 6-digit issuer no. 196479†)

\$1,840,000 of 2.55% Term Bonds due October 1, 2022 – Price: 100% (CUSIP: VB2†)
\$3,035,000 of 3.50% Term Bonds due October 1, 2032 – Price: 100% (CUSIP: VC0†)
\$4,375,000 of 3.90% Term Bonds due October 1, 2042 – Price: 100% (CUSIP: VD8†)
\$8,200,000 of 4.20% Term Bonds due October 1, 2054 – Price: 100% (CUSIP: VE6†)

The 2012 Series B Bonds are subject to redemption at par prior to maturity, including special redemption, optional redemption and mandatory sinking fund redemption as described herein.

The Master Indenture provides for four classes of Obligations (which may be Bonds or Derivative Products) thereunder – Class I, Class II, Class III and Class IV Obligations. The 2012 Series B Bonds are Class I Obligations, payable from the revenues, assets and moneys pledged under the Indenture as described herein on an equal and ratable basis with all other Class I Obligations now or hereafter outstanding under the Master Indenture. Additional Obligations may be issued by the Authority under the Master Indenture in each of the four Classes and as general obligations of the Authority upon delivery of a Cash Flow Statement and satisfaction of certain other conditions as set forth in the Master Indenture. **In no event shall the 2012 Series B Bonds constitute an obligation or liability of the State of Colorado or any political subdivision thereof other than the Authority. The Authority has no taxing power nor does it have the power to pledge the general credit or taxing power of the State of Colorado or any other political subdivision thereof (other than the general credit of the Authority, which general credit is not being pledged for the payment of the 2012 Series B Bonds).**

This cover page contains only a brief description of the Authority, the 2012 Series B Bonds and the security therefor. It is not intended to be a summary of material information with respect to the 2012 Series B Bonds. Potential investors should read this entire Official Statement to obtain information necessary to make an informed investment decision and should pay particular attention to the discussion in "Part II – CERTAIN BONDOWNERS' RISKS."

The 2012 Series B Bonds are offered when, as and if issued and delivered to the Underwriter, subject to approval by Sherman & Howard L.L.C., Denver, Colorado, Bond Counsel, and certain other conditions. Certain legal matters will be passed on for the Authority by Charles L. Borgman, Esq., its General Counsel, and by Hogan Lovells US LLP, Denver, Colorado, Disclosure Counsel to the Authority. The Underwriter is being represented in connection with its purchase of the 2012 Series B Bonds by its counsel, Bookhardt & O'Toole, Denver, Colorado. The Borrower is being represented by its counsel, Faegre Baker Daniels LLP, Denver, Colorado. CSG Advisors Incorporated is serving as financial advisor to the Authority in connection with the issuance of the 2012 Series B Bonds. It is expected that the 2012 Series B Bonds will be delivered (through DTC) in New York, New York on or about October 10, 2012.

D.A. DAVIDSON & CO.

Dated: September 28, 2012

† Neither the Authority nor the Borrower takes any responsibility for the accuracy of the CUSIP numbers, which are being provided solely for the convenience of the owners of the 2012 Series B Bonds.

No dealer, broker, salesman or other person has been authorized by the Colorado Housing and Finance Authority or by the Underwriter to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. The information in this Official Statement is subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder, under any circumstance, creates any implication that there has been no change in the affairs of the Authority or otherwise since the date hereof. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2012 Series B Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth in this Official Statement has been furnished by the Authority and obtained from other sources believed to be reliable. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions, or that they will be realized. All information regarding the Authority and the 2012 Series B Bonds is contained in this Official Statement. While the Authority maintains an Internet website for various purposes, none of the information on this website is intended to assist investors in making any investment decision or to provide any continuing information (except in the case of the limited information provided in the section entitled "Bond Disclosures") with respect to the Bonds (including the 2012 Series B Bonds), the Borrowers, the Authority Projects, the Loans, or any other bonds or obligations of the Authority.

The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of the information.

THE PRICES AT WHICH THE 2012 SERIES B BONDS ARE OFFERED TO THE PUBLIC BY THE UNDERWRITER (AND THE YIELDS RESULTING THEREFROM) MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES APPEARING ON THE FRONT COVER PAGE HEREOF. IN ADDITION, THE UNDERWRITER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS. IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE 2012 SERIES B BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The 2012 Series B Bonds have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission nor has the Commission or any state securities commission passed upon the accuracy or adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

**This Official Statement is comprised of the front cover page,
Parts I and II and the Appendices.**

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Parts I and II and the Appendices.**

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OFFICIAL STATEMENT

\$17,450,000

COLORADO HOUSING AND FINANCE AUTHORITY Multi-Family/Project Class I Bonds, 2012 Series B

PART I

INTRODUCTION

This Official Statement, which includes the front cover page, this Part I, Part II and the Appendices hereto, provides certain information concerning the Colorado Housing and Finance Authority (the "**Authority**") and otherwise in connection with the offer and sale of the above-captioned Bonds (being referred to herein as the "**2012 Series B Bonds**"). The 2012 Series B Bonds are being issued pursuant to the Master Indenture of Trust dated as of March 1, 2000, as amended (the "**Master Indenture**"), and the 2012 Series B Indenture dated as of October 1, 2012 (the "**2012 Series B Indenture**," and together with the Master Indenture, the "**Indenture**"), each between the Authority and Wells Fargo Bank, National Association, Denver, Colorado, as Trustee (the "**Trustee**"). Capitalized terms used herein and not defined have the meanings specified in the Indenture. See "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" in **Appendix C** to this Official Statement.

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by the information contained in, the entire Official Statement, including the front cover page, this Part I, Part II hereof and the Appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of 2012 Series B Bonds to potential investors is made only by means of the entire Official Statement. This Official Statement does not constitute a contract between the Authority or the Underwriter, and any one or more owners of the 2012 Series B Bonds.

Colorado Housing and Finance Authority

The Authority is a body corporate and political subdivision of the State of Colorado (the "**State**") established by the Colorado General Assembly for the purposes, among others, of increasing the supply of decent, safe and sanitary housing for low and moderate income families and promoting economic growth and development in the State. In order to achieve its authorized purposes, the Authority currently operates numerous housing, rental and business finance programs. See "Part II – COLORADO HOUSING AND FINANCE AUTHORITY – Programs to Date." The Authority is governed by a Board of Directors and is authorized to issue its bonds, notes and other obligations in order to provide sufficient funds to achieve its purposes. *For financial information concerning the Authority, see "Part II – COLORADO HOUSING AND FINANCE AUTHORITY – Selected Financial Information" and certain financial statements of the Authority attached hereto as **Appendix A**.*

Authority for Issuance

The 2012 Series B Bonds are authorized to be issued pursuant to the Colorado Housing and Finance Authority Act, being Part 7 of Article 4 of Title 29 of the Colorado Revised Statutes, as amended (the "**Act**") and the Supplemental Public Securities Act, being Part 2 of Article 57 of Title 11 of the Colorado Revised Statutes. The 2012 Series B Bonds are being issued and secured under the Indenture.

Purposes of the 2012 Series B Bonds

Proceeds of the 2012 Series B Bonds will be used to fund a loan (the "**2012B Loan**") to Residences at University Hills LLC (the "**2012B Borrower**") made by the Authority to the 2012B Borrower pursuant to the Loan Agreement dated as of October 1, 2012 (the "**Loan Agreement**"). Proceeds of the 2012B Loan will be used by the 2012B Borrower to finance, together with other funds available to the 2012B Borrower, the acquisition, construction and equipping of a 101-unit rental housing facility providing independent living for seniors located in Denver, Colorado to be known as University Hills Senior Residences (the "**2012B Facility**"), as described in "Part I – CERTAIN PROGRAM ASSUMPTIONS – The 2012B Loan" and in **Appendix G-1** – "CERTAIN INFORMATION REGARDING THE 2012B LOAN AND THE PROJECT." Certain 2012B Loan proceeds will also be (i) deposited to the Revenue Fund and used to fund the payment of certain interest on the 2012B Loan and (ii) used to pay a portion of the costs of issuance and Underwriter's compensation relating to the 2012 Series B Bonds, as described in "Part I – PLAN OF FINANCE – Use of Funds." Amounts held in the Debt Service Reserve Fund under the Master Indenture will be allocated to satisfy the debt service reserve fund requirement for the 2012 Series B Bonds in accordance with the 2012 Series B Indenture. Funds contributed by the 2012B Borrower will be used to pay the costs of issuance and Underwriter's compensation relating to the 2012 Series B Bonds.

Description of the 2012 Series B Bonds

Interest Rates and Payments

Interest on the 2012 Series B Bonds is payable at the rates shown on the front cover page hereof on April 1, 2013 and thereafter semiannually on April 1 and October 1 of each year, to be computed on the basis of a 360-day year of twelve 30-day months. See "Part I – TERMS OF THE 2012 SERIES B BONDS – General Terms – Principal Payment; Maturity." The 2012 Series B Bonds are to be issued in denominations of \$5,000 and any integral multiple thereof. Principal of the 2012 Series B Bonds is payable in the amounts and on the dates shown on the front cover page hereof, subject to prior redemption.

Redemption

The 2012 Series B Bonds are subject to redemption at par prior to maturity, including special, optional and mandatory sinking fund redemption, as described under "Part I – TERMS OF THE 2012 SERIES B BONDS – Prior Redemption." See "Part II – CERTAIN BONDOWNERS' RISKS – Considerations Regarding Redemption."

For a more complete description of the 2012 Series B Bonds and the Indenture pursuant to which such 2012 Series B Bonds are being issued, see "Part I – TERMS OF THE 2012 SERIES B BONDS" and Appendix C – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

Security and Sources of Payment

All Obligations under the Master Indenture (which may be Bonds or Derivative Products and may be outstanding as Class I, Class II, Class III or Class IV Obligations) will be secured by and payable from all of the Authority's rights and interests in and to the revenues, assets and moneys pledged under the Master Indenture, in particular the Revenues, the Loans and the moneys held in the Debt Service Reserve Fund, the Revenue Fund and the other funds and accounts under the Master Indenture (collectively, the "**Trust Estate**"). See "Part II – SECURITY FOR THE OBLIGATIONS" and **Appendix G-2** – "CERTAIN INFORMATION ABOUT THE MASTER INDENTURE LOAN PORTFOLIO,

AUTHORITY PROJECTS AND FUND BALANCES." In accordance with the Indenture, Obligations may also be designated as General Obligations of the Authority. As of April 1, 2012, Bonds issued under the Master Indenture were outstanding in an aggregate principal amount of \$782,520,000, with \$531,000,000 outstanding as Class I Bonds, \$249,855,000 outstanding as Class II Bonds, and \$1,665,000 outstanding as Class III Bonds. The Outstanding Class III Bonds and certain Outstanding Class I Bonds have been designated as General Obligations of the Authority. There are no Class IV Obligations outstanding under the Master Indenture. See "Part II – COLORADO HOUSING AND FINANCE AUTHORITY – Obligations of the Authority – Summary of Certain Authority Obligations" and **Appendix B** – "OUTSTANDING MASTER INDENTURE OBLIGATIONS."

The 2012 Series B Bonds as described on the front cover page hereof are being issued as Class I Obligations pursuant to the Indenture and will be secured by and payable from the Trust Estate as described herein. The Trust Estate is pledged under the Indenture to secure the Class I Obligations as a first priority lien, as described in "Part II – SECURITY FOR THE OBLIGATIONS – Pledge of Trust Estate." None of the 2012 Series B Bonds are being issued as Class II Obligations, Class III Obligations or Class IV Obligations, which are secured by a second, third, and fourth priority lien, respectively, on the Trust Estate. The 2012 Series B Bonds are not being designated as General Obligations of the Authority. As part of the Trust Estate, the 2012 Series B Bonds are secured by the Debt Service Reserve Fund established under the Master Indenture. The Debt Service Reserve Fund Requirement for the 2012 Series B Bonds will be satisfied as described in "Part I – PLAN OF FINANCE – Use of Funds." See also "Part I – CERTAIN PROGRAM ASSUMPTIONS – Debt Service Reserve Fund" and "Part II – SECURITY FOR THE OBLIGATIONS." **In no event shall the 2012 Series B Bonds constitute an obligation or liability of the State or any political subdivision thereof. The Authority has no taxing power nor does it have the power to pledge the general credit or the taxing power of the State or any political subdivision thereof (other than the general credit of the Authority, which general credit is not being pledged for payment of the 2012 Series B Bonds).**

Professionals Involved in the Offering

In connection with the issuance and sale of the 2012 Series B Bonds, Sherman & Howard L.L.C., as Bond Counsel to the Authority, will deliver an opinion in the form included as **Appendix E** hereto. Certain legal matters relating to the 2012 Series B Bonds will be passed upon for the Authority by its General Counsel, Charles L. Borgman, Esq., and by its Disclosure Counsel, Hogan Lovells US LLP. The Underwriter is being represented in connection with its purchase of the 2012 Series B Bonds by its counsel, Bookhardt & O'Toole. The Borrower is being represented by its counsel, Faegre Baker Daniels LLP, Denver, Colorado. See "Part I – LEGAL MATTERS." CSG Advisors Incorporated is serving as financial advisor to the Authority in connection with the issuance of the 2012 Series B Bonds. See "Part I – FINANCIAL ADVISOR."

Continuing Disclosure Undertakings

The Authority

In connection with the issuance of the 2012 Series B Bonds, the Authority will deliver a Continuing Disclosure Undertaking, in the form attached as **Appendix J-1** hereto, by which the Authority will agree to make available by filing with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System ("**EMMA**"), in compliance with Rule 15c2-12 of the Securities Exchange Act of 1934 ("**Rule 15c2-12**"), certain Annual Financial Information (as defined in the Continuing Disclosure Undertaking) and Audited Financial Statements relating to the Authority, commencing with the fiscal year ending December 31, 2012, and notice of certain events. The Authority

will also agree to file with EMMA certain audited financial statements of the 2012B Borrower promptly upon receipt thereof from the 2012B Borrower. See "The 2012B Borrower" under this caption.

For the fiscal years ended as of and prior to December 31, 2009, the Authority had filed quarterly reports including all components of the annual financial information and operating data with respect to certain of its outstanding bonds under the related continuing disclosure undertakings of the Authority. However, this information had been reported as of dates other than December 31, which is technically required by the Authority's continuing disclosure undertakings. So, while such financial information and operating data of the nature required to be provided annually had been provided as of quarterly dates (April 1, July 1, October 1 and January 1 for information relating to its multi-family bonds and February 1, May 1, August 1 and November 1 for information relating to its single-family mortgage bonds) to the market by posting on the Authority's website and, in many cases, by filing with the national repositories, there had been a technical non-compliance by the Authority with its continuing disclosure obligations in that the information was not provided as of December 31.

The Authority has filed with EMMA Annual Financial Information as of December 31 for the fiscal years ended as of December 31, 2009, 2010 and 2011, and has implemented measures to ensure that Annual Financial Information for future fiscal years will be provided as of December 31 and will be timely filed with EMMA in accordance with the requirements of the related Continuing Disclosure Undertakings.

The 2012B Borrower

The 2012B Borrower will constitute an "obligated person" in respect of the 2012 Series B Bonds within the meaning of Rule 15c2-12. In connection with the origination of the 2012B Loan, the 2012B Borrower shall separately agree, for the benefit of the owners (including beneficial owners) of the 2012 Series B Bonds, to provide to the Authority Audited Financial Statements and Annual Financial Information (as defined in the 2012B Borrower's Continuing Disclosure Undertaking) not later than 180 days after the end of each fiscal year for such Borrower to the extent that such Borrower continues to constitute an "obligated person" in respect of the 2012 Series B Bonds within the meaning of Rule 15c2-12. The Borrower shall also agree to provide to the Authority notice of certain events within five (5) Business Days of the occurrence of such events. A form of the Borrower Continuing Disclosure Undertaking to be executed and delivered by the 2012B Borrower is attached hereto as **Appendix J-2**.

Investment Considerations

The purchase and ownership of the 2012 Series B Bonds involve investment risks. Prospective purchasers of the 2012 Series B Bonds being offered by this Official Statement are urged to read this Official Statement in its entirety. For a discussion of certain such risks relating to the 2012 Series B Bonds, see "Part II – CERTAIN BONDOWNERS' RISKS."

TERMS OF THE 2012 SERIES B BONDS

General Terms

Principal Payment; Maturity

The 2012 Series B Bonds, to be dated the date of delivery thereof, will mature, subject to prior redemption as described in "Prior Redemption" under this caption, in the amounts and on the dates as shown on the front cover page of this Official Statement. The principal or redemption price of the 2012 Series B Bonds is payable to Cede & Co. as long as it is the registered owner of each of the 2012 Series B Bonds.

Interest Rates; Payment of Interest

The 2012 Series B Bonds will bear interest at the rates per annum shown on the front cover page of this Official Statement. Interest on the 2012 Series B Bonds will be payable on each Interest Payment Date to Cede & Co. as long as it is the registered owner of each of the 2012 Series B Bonds, commencing on April 1, 2013, and at maturity. Interest on the 2012 Series B Bonds will be computed on the basis of a 360-day year of twelve 30-day months.

Authorized Denominations

The 2012 Series B Bonds are issuable in denominations of \$5,000 and any integral multiple thereof.

Book-Entry System

The Depository Trust Company, New York, New York ("**DTC**") will act as securities depository for the 2012 Series B Bonds. The ownership of one fully registered Bond for each maturity as set forth on the front cover page of this Official Statement, each in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as nominee for DTC. Information concerning the book-entry system provided by DTC is set forth in **Appendix F – "BOOK-ENTRY SYSTEM."** **So long as the 2012 Series B Bonds are registered in the DTC book-entry form described in Appendix F, each Beneficial Owner of a 2012 Series B Bond should make arrangements with a Participant in DTC to receive notices or communications with respect to matters concerning the 2012 Series B Bonds.**

Defeasance and Discharge

The Indenture provides the Authority with the right to discharge the pledge and lien created by the Indenture with respect to any 2012 Series B Bonds by depositing with the Trustee or the Paying Agent sufficient moneys or Defeasance Securities to pay when due the principal or Redemption Price of, if applicable, and interest due or to become due on such 2012 Series B Bonds at the maturity or redemption thereof. See **Appendix C – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Defeasance."**

Prior Redemption

Special Redemption

Unexpended Proceeds. The 2012 Series B Bonds are subject to special redemption prior to maturity, in whole or in part at any time and from time to time on or before October 1, 2014 (or such later date as may be selected by the Authority by the filing with the Trustee of an Authority Request accompanied by a Cash Flow Statement and a favorable opinion of Bond Counsel), upon notice as provided in the Indenture, at a Redemption Price equal to 100% of the Aggregate Principal Amount of the 2012 Series B Bonds or portions thereof to be so redeemed together with accrued interest to the date of redemption, to the extent that there are any unexpended proceeds of the 2012 Series B Bonds transferred from the Restricted Loan Subaccount and the Revenue Fund to the 2012 Series B subaccount of the Redemption Fund. The Indenture requires that the Trustee transfer such unexpended proceeds to the Redemption Fund pursuant to an Authority Request filed with the Trustee stating that the Authority no longer reasonably expects to apply the amount to be transferred to finance the Project (as hereinafter defined). Such amounts are to be transferred not later than September 1, 2014; provided that the Indenture permits the Authority to extend such date to a later date if the Authority has filed with the Trustee an Authority Request specifying a later date or dates for such transfer accompanied by a Cash Flow Statement and a favorable opinion of Bond Counsel. See "Notice of Redemption" under this caption. See also "Part I – PLAN OF FINANCE – Use of Funds" and "– Disbursements from the Restricted Loan Subaccount." For information concerning the 2012B Loan to be originated by the Authority with proceeds of the 2012 Series B Bonds deposited to the Restricted Loan Subaccount and the Revenue Fund, see "Part I – CERTAIN PROGRAM ASSUMPTIONS – The 2012B Loan." See also "Part II – CERTAIN BONDOWNERS' RISKS." If less than all of the 2012 Series B Bonds are to be redeemed in accordance with the provision described in this paragraph, the 2012 Series B Bonds are to be redeemed on a pro rata by tenor and maturity basis, or on any other basis determined by the Authority after giving effect to expected Cash Flows in the Trust Estate.

Prepayments. The 2012 Series B Bonds are subject to special redemption prior to maturity, in whole or in part at any time upon notice as provided in the Indenture, at a Redemption Price equal to 100% of the Aggregate Principal Amount of the 2012 Series B Bonds or portions thereof to be so redeemed, together with accrued interest to the date of redemption, from and to the extent there are moneys and/or Investment Securities in the 2012 Series B subaccount of the Class I Special Redemption Account on the 30th day prior to the redemption date from Prepayments received (i) as a consequence of the damage, destruction or condemnation of part or all of the 2012B Facility, to the extent that such amounts are required to be used to prepay the 2012B Loan pursuant to the Loan Agreement, (ii) in the event of a default by the Borrower under the Loan Agreement, by the acceleration, sale, assignment, endorsement or other disposition of the 2012B Loan thereof by the Authority or by any other proceedings taken by the Authority, including an insurance claim to the Federal Housing Administration ("**FHA**"), or (iii) from a mandatory prepayment required by the FHA or the United States Department of Housing and Urban Development ("**HUD**") in order to avoid such a default. *For a description of certain events of default under the Loan Agreement, see "Part I – CERTAIN PROGRAM ASSUMPTIONS – The 2012B Loan – The Loan Agreement."*

Loan Repayments and Prepayments (which includes the payment of an insurance claim by the FHA) of the 2012B Loan are only permitted to be used to pay at maturity or redeem prior to maturity 2012 Series B Bonds. See "Part I – CERTAIN PROGRAM ASSUMPTIONS – The 2012B Loan – Prepayment Lock-Out."

Failure to Convert 2012B Loan. The 2012 Series B Bonds are subject to special redemption prior to maturity, in whole, upon notice as provided in the 2012 Series B Indenture, at a Redemption Price equal to 100% of the Aggregate Principal Amount of the 2012 Series B Bonds, together with accrued interest to the date of redemption, if the 2012B Loan has not been finally endorsed for insurance by the FHA under Section 542(c) of the Housing and Community Development Act of 1992, as amended ("**Risk-Share Insurance**"), by October 1, 2014 (the "**Closing**") (or such later date to which the Authority may consent in writing). See "Part I – CERTAIN PROGRAM ASSUMPTIONS – The 2012B Loan – The Loan Agreement."

Optional Redemption

The 2012 Series B Bonds maturing on or after October 1, 2032 are subject to redemption at the option of the Authority, on or after October 1, 2022, in whole or in part at any time, at a Redemption Price equal to 100% of the principal amount thereof plus the accrued interest thereon to the date of redemption, from any source, including without limitation the proceeds of refunding bonds or other financing provided by the Authority or from the sale or other voluntary disposition of Loans and Authority Projects.

Mandatory Sinking Fund Redemption

The 2012 Series B Bonds maturing on October 1, 2022 (the "**2022 Term Bonds**") shall be redeemed prior to their maturity, in part, by payment of 2012 Series B Class I Sinking Fund Installments, upon notice as provided in the Indenture and described in "Notice of Redemption" under this caption, on each of the dates set forth below and in the respective principal amounts set forth opposite each such date, in each case at a Redemption Price of 100% of the principal amount of such 2022 Term Bonds or portions thereof to be so redeemed, plus accrued interest to the redemption date as follows:

2022 Term Bonds

Date <u>(April 1)</u>	Class I Sinking Fund <u>Installments</u>	Date <u>(October 1)</u>	Class I Sinking Fund <u>Installments</u>
2015	\$105,000	2015	\$105,000
2016	105,000	2016	110,000
2017	110,000	2017	110,000
2018	115,000	2018	115,000
2019	115,000	2019	115,000
2020	120,000	2020	120,000
2021	120,000	2021	125,000
2022	125,000	2022 ⁽¹⁾	125,000

⁽¹⁾ Final maturity

The 2012 Series B Bonds maturing on October 1, 2032 (the "**2032 Term Bonds**") shall be redeemed prior to their maturity, in part, by payment of 2012 Series B Class I Sinking Fund Installments, upon notice as provided in the Indenture and described in "Notice of Redemption" under this caption, on each of the dates set forth below and in the respective principal amounts set forth opposite each such date, in each case at a Redemption Price of 100% of the principal amount of such 2032 Term Bonds or portions thereof to be so redeemed, plus accrued interest to the redemption date as follows:

2032 Term Bonds

<u>Date</u> <u>(April 1)</u>	Class I <u>Sinking Fund</u> <u>Installments</u>	<u>Date</u> <u>(October 1)</u>	Class I <u>Sinking Fund</u> <u>Installments</u>
2023	\$130,000	2023	\$130,000
2024	135,000	2024	135,000
2025	135,000	2025	140,000
2026	140,000	2026	145,000
2027	145,000	2027	150,000
2028	150,000	2028	155,000
2029	160,000	2029	160,000
2030	165,000	2030	165,000
2031	170,000	2031	170,000
2032	175,000	2032 ⁽¹⁾	180,000

⁽¹⁾Final maturity

The 2012 Series B Bonds maturing on October 1, 2042 (the "**2042 Term Bonds**") shall be redeemed prior to their maturity, in part, by payment of 2012 Series B Class I Sinking Fund Installments, upon notice as provided in the Indenture and described in "Notice of Redemption" under this caption, on each of the dates set forth below and in the respective principal amounts set forth opposite each such date, in each case at a Redemption Price of 100% of the principal amount of such 2042 Term Bonds or portions thereof to be so redeemed, plus accrued interest to the redemption date as follows:

2042 Term Bonds

<u>Date</u> <u>(April 1)</u>	Class I <u>Sinking Fund</u> <u>Installments</u>	<u>Date</u> <u>(October 1)</u>	Class I <u>Sinking Fund</u> <u>Installments</u>
2033	\$180,000	2033	\$185,000
2034	190,000	2034	190,000
2035	195,000	2035	200,000
2036	205,000	2036	205,000
2037	210,000	2037	215,000
2038	220,000	2038	225,000
2039	230,000	2039	235,000
2040	240,000	2040	240,000
2041	245,000	2041	250,000
2042	255,000	2042 ⁽¹⁾	260,000

⁽¹⁾Final maturity

The 2012 Series B Bonds maturing on October 1, 2054 (the "**2054 Term Bonds**") shall be redeemed prior to their maturity, in part, by payment of 2012 Series B Class I Sinking Fund Installments, upon notice as provided in the Indenture and described in "Notice of Redemption" under this caption, on each of the dates set forth below and in the respective principal amounts set forth opposite each such date,

in each case at a Redemption Price of 100% of the principal amount of such 2054 Term Bonds or portions thereof to be so redeemed, plus accrued interest to the redemption date as follows:

2054 Term Bonds

<u>Date</u> <u>(April 1)</u>	Class I Sinking Fund <u>Installments</u>	<u>Date</u> <u>(October 1)</u>	Class I Sinking Fund <u>Installments</u>
2043	\$265,000	2043	\$270,000
2044	280,000	2044	285,000
2045	290,000	2045	295,000
2046	300,000	2046	310,000
2047	315,000	2047	320,000
2048	330,000	2048	335,000
2049	340,000	2049	350,000
2050	355,000	2050	365,000
2051	370,000	2051	380,000
2052	385,000	2052	395,000
2053	405,000	2053	410,000
2054	420,000	2054 ⁽¹⁾	430,000

⁽¹⁾Final maturity

Upon any purchase pursuant to the Indenture or redemption (other than mandatory sinking fund redemption) of the 2012 Series B Bonds for which 2012 Series B Class I Sinking Fund Installments have been established, there shall be credited toward each 2012 Series B Class I Sinking Fund Installment thereafter to become due an amount bearing the same ratio to such 2012 Series B Class I Sinking Fund Installment as (i) the total principal amount of such 2012 Series B Bonds so purchased or redeemed bears to (ii) the total amount of all such Class I Sinking Fund Installments to be credited. If, however, there shall be filed with the Trustee an Authority Request specifying a different method for crediting 2012 Series B Class I Sinking Fund Installments upon any such purchase or redemption of 2012 Series B Bonds and certifying that such request is consistent with the most recently filed Cash Flow Statement Related to the 2012 Series B Bonds, then such 2012 Series B Class I Sinking Fund Installments shall be so credited as shall be provided in such Authority Request.

Selection of 2012 Series B Bonds for Partial Redemption

Other than with respect to redemptions from 2012 Series B Class I Sinking Fund Installments, if less than all of the 2012 Series B Bonds are to be redeemed, except as otherwise directed by an Authority Request that certifies that such request is consistent with the most recently filed Cash Flow Statement, the Bond Registrar shall select a pro rata amount of the 2012 Series B Bonds of each maturity for redemption. If less than all the 2012 Series B Bonds of like maturity are to be redeemed, the particular 2012 Series B Bonds or the respective portions thereof to be redeemed shall be selected randomly by lot by the Bond Registrar in such manner as the Bond Registrar in its discretion deems fair and appropriate.

Notice of Redemption

When any 2012 Series B Bonds are to be redeemed, the Bond Registrar is to cause notice of such redemption to be mailed by first class mail, or transmitted in such other manner (such as by readily available electronic means) as may be customary for the industry as directed in writing by the Authority, not more than 60 days nor less than 25 days prior to the redemption date with respect to the 2012 Series B Bonds, to the registered owner of each 2012 Series B Bond to be redeemed at such Owner's address as it appears in the registration records of the Bond Registrar or at such other address as is furnished in writing by such Owner to the Bond Registrar and to EMMA. However, failure to give any such notice to any Owner, or any defect therein, shall not affect the validity of the redemption proceedings for any 2012 Series B Bond with respect to which no such failure or defect has occurred.

If DTC or its nominee is the registered owner of any 2012 Series B Bonds to be redeemed, notice of redemption will only be given to DTC or its nominee as the registered owner of such 2012 Series B Bond. Any failure on the part of DTC or failure on the part of a nominee of a Beneficial Owner (having received notice from a DTC Participant or otherwise) to notify the Beneficial Owner of any 2012 Series B Bond to be redeemed shall not affect the validity of the redemption of such 2012 Series B Bond. See Appendix F – "BOOK-ENTRY SYSTEM."

Purchase in Lieu of Redemption

If Bonds of any particular Series, Class and maturity are called for redemption, upon Authority Request the Bonds so called shall be purchased in lieu of such redemption by the Trustee or Paying Agent for the account of the Authority on the date upon which such Bonds were to have been redeemed, at a purchase price not to exceed the applicable Redemption Price thereof, plus accrued interest, if any, thereon to, but not including, such date, or at any higher purchase price consistent with the most recent Cash Flow Statement. At the election of the Authority, but not otherwise, such Bonds shall be canceled by the Trustee upon such purchase in lieu of redemption. The Authority shall deliver any such Authority Request not later than the Business Day preceding the date upon which such Bonds were to have been redeemed, which Authority Request shall state the aggregate principal amount of each Series, Class and maturity of Bonds for which an election to purchase in lieu of redemption pursuant to this Master Indenture is being made, and the source of payment for such purchase in lieu of redemption. Any such purchase in lieu of redemption may be made from any moneys designated by the Authority, and, upon receipt thereof if such moneys are not already held in the Trust Estate, the Trustee shall use such moneys for such purpose. The Authority is expressly authorized to tender, and to direct the Trustee and the Paying Agent to purchase from the Authority, any Bonds for cancellation in lieu of redemption. Neither the Trustee nor the Paying Agent shall be required to advance any of their own money to make any such purchase or purchases.

Unless the Authority shall designate a different source, the Trustee shall apply, or cause the Paying Agent to apply, available moneys in the Redemption Fund in lieu of redemption to pay the purchase price (exclusive of accrued interest) of Bonds purchased in lieu of redemption pursuant to the Master Indenture. Unless the Authority shall designate a different source, the Trustee shall apply, or cause the Paying Agent to apply, available moneys from the Revenue Fund in accordance with the Master Indenture, from the Class I Debt Service Fund in accordance with the Master Indenture, from the Class II Debt Service Fund in accordance with the Master Indenture, from the Class III Debt Service Fund in accordance with the Master Indenture, or from the Class IV Debt Service Fund in accordance with the Master Indenture to pay accrued interest on such Bonds purchased pursuant to the Master Indenture.

PLAN OF FINANCE

Use of Funds

Proceeds of the 2012 Series B Bonds estimated to be in the amount of \$17,450,000 will be used to fund the 2012B Loan. A deposit of \$15,889,049 of 2012B Loan proceeds shall be made to the Restricted Loan Subaccount of the Acquisition Account of the Program Fund. Such amount shall be used to finance in part the acquisition, construction and equipping of the 2012B Facility (the "**Project**") as described in "Disbursements from the Restricted Loan Subaccount" under this caption. See also **Appendix G-1** – "CERTAIN INFORMATION REGARDING THE 2012B LOAN AND THE PROJECT – Plan of Finance for the Project." Proceeds of the 2012B Loan estimated to be in the amount of \$57,803 will be deposited to the 2012 Series B subaccount of the Revenue Fund, \$1,154,148 will be deposited to the Interest Reserve established in the Debt Service Reserve Fund (the "**Interest Reserve**") and such amounts so deposited shall be used to pay certain interest on the 2012B Loan as described in "Disbursements from the Revenue Fund and Interest Reserve" under this caption. Proceeds of the 2012 Series B Bonds in the amount of \$349,000 will be deposited to a cost of issuance account at the Closing to fund a portion of the costs of issuance relating to the 2012 Series B Bonds and will fund Underwriter's compensation relating to the 2012 Series B Bonds. For information concerning the Underwriter's compensation, see "Part I – UNDERWRITING." The 2012B Loan will be considered to be fully disbursed for purposes of computing the amount of interest due each month on the 2012B Borrower's note to the Authority upon deposit of the proceeds of the 2012 Series B Bonds into the Restricted Loan Subaccount and the Revenue Fund at the Closing.

Certain moneys currently on deposit in the Debt Service Reserve Fund under the Master Indenture will be allocated to satisfy the Debt Service Reserve Fund Requirement with respect to the 2012 Series B Bonds. See "Part I – CERTAIN PROGRAM ASSUMPTIONS – Debt Service Reserve Fund Requirement" and "Part II – SECURITY FOR THE OBLIGATIONS – Debt Service Revenue Fund."

Disbursements from the Restricted Loan Subaccount

Amounts on deposit in the Restricted Loan Subaccount are to be disbursed from time to time by the Trustee, on and after the date that the 2012B Loan has been endorsed by the FHA for Risk-Share Insurance during the Construction Phase (as defined in **Appendix G-1** hereto), to pay costs of the Project that are first approved by the Authority pursuant to the terms, conditions and provisions of the Loan Agreement. No amounts shall be disbursed by the Trustee prior to such endorsement by the FHA. Following completion of the Project, the Authority will request the FHA to endorse the 2012B Loan as a permanent loan with Risk-Share Insurance. For further information about Risk-Share Insurance, see **Appendix H** hereto. Amounts on deposit in the Restricted Loan Subaccount will be invested prior to disbursement as described in "Part I – CERTAIN PROGRAM ASSUMPTIONS – Investments." Upon an event of default under the Loan Agreement, the Authority may direct that amounts in the Restricted Loan Subaccount be transferred to the Redemption Fund to be applied as described in "Part I – TERMS OF THE 2012 SERIES B BONDS – Prior Redemption – Special Redemption." See "Part I – CERTAIN PROGRAM ASSUMPTIONS – The 2012B Loan – The Loan Agreement."

Disbursements from the Revenue Fund and Interest Reserve

Proceeds of the 2012B Loan deposited to the Revenue Fund at the time of delivery of the 2012 Series B Bonds shall be used only for the purpose of paying interest on the 2012 Series B Bonds. Proceeds of the 2012 Series B Bonds deposited to the Interest Reserve shall be used for interest payments through a date which is eighteen (18) months following the Closing in accordance with the Loan Agreement. If certain circumstances set forth in the Loan Agreement have not been met prior to

applicable dates, the 2012B Borrower is required to deposit additional funds to the Interest Reserve in the amounts and at the times required by the Loan Agreement. See "Part I – CERTAIN PROGRAM ASSUMPTIONS – The 2012B Loan – The Loan Agreement." Failure by the 2012B Borrower to make any such payments to the Interest Reserve at the required times will be an event of default under the Loan Agreement, permitting the Authority to direct that amounts in the Restricted Loan Subaccount, the Revenue Fund and the Interest Reserve, and insurance proceeds received from the FHA based on a claim under the 2012B Loan, be transferred to the Redemption Fund to be applied as described in "Part I – TERMS OF THE 2012 SERIES B BONDS – Prior Redemption – Special Redemption."

CERTAIN PROGRAM ASSUMPTIONS

The 2012B Loan

Generally

Proceeds of the 2012 Series B Bonds are expected to be used to fund the 2012B Loan by the Authority to the 2012B Borrower concurrently with the Closing. The 2012B Loan proceeds deposited to the Restricted Loan Subaccount are to be disbursed as described in "Part I – PLAN OF FINANCE – Disbursements from the Restricted Loan Subaccount," and proceeds deposited to the Revenue Fund and to the Interest Reserve are to be disbursed as described in "Part I – PLAN OF FINANCE – Disbursements from the Revenue Fund and Interest Reserve." The 2012B Borrower plans to use such proceeds of the 2012B Loan deposited to the Restricted Loan Subaccount, together with certain other moneys available to the 2012B Borrower, to finance the Project as described in further detail in **Appendix G-1** hereto. The 2012B Loan will be secured by a Deed of Trust, Security Agreement, Assignment of Leases and Rents and Financing Statement delivered by the 2012B Borrower in favor of the Authority (the "**Deed of Trust**"), encumbering the Project. Certain restrictions on the rental and occupancy of the 2012B Facility will be imposed on the 2012B Borrower, as described in "The Regulatory Agreement" under this caption.

The Loan Agreement

The Loan Agreement provides for the terms under which the Authority shall provide the 2012B Loan to the 2012B Borrower in order to finance, in part, the Project. The 2012B Loan will be originated in full at the time of the Closing. However, amounts may be disbursed from the Restricted Loan Subaccount as advances under the 2012B Loan only after the FHA has endorsed the 2012B Loan for Risk-Share Insurance of such advances during the construction period (the "**Construction Phase**") anticipated to commence on the date of Closing and to end on the earlier of a date which is twenty-four (24) months following the Closing or the time the 2012B Loan is endorsed by the FHA as a permanent loan eligible for Risk-Share Insurance ("**Conversion**").

Pursuant to the Loan Agreement, the 2012B Loan will be payable monthly in interest-only payments during the Construction Phase. Such interest payments on the 2012B Loan during the Construction Phase shall be made from the 2012B Loan proceeds deposited to the Revenue Fund and to the Interest Reserve at the Closing, which deposits will be in an aggregate amount representing nineteen (19) months of interest. In the event that a temporary certificate of occupancy has not been issued and all other conditions of Conversion have not been met by ten (10) days prior to the sixteenth (16th) month from the Closing, the 2012B Borrower shall be required to deposit in the Interest Reserve prior to the sixteenth (16th) month two (2) months of interest on the portion of the 2012B Loan proceeds which have been disbursed from the Restricted Loan Subaccount. If a temporary certificate of occupancy has not been issued and all other conditions of Conversion have not been met by ten (10) days prior to the eighteenth (18th) month from the Closing, the 2012B Borrower shall be required to deposit in the Interest

Reserve three (3) months of interest on the portion of the 2012B Loan proceeds which have been disbursed from the Restricted Loan Account, plus three (3) months of interest on any portion of the 2012B Loan proceeds which remain on deposit in the Restricted Loan Subaccount at such time. In the event that a temporary certificate of occupancy has not been issued and all other conditions of Conversion have not been met by ten (10) days prior to the twenty-first (21st) month after the Closing, the 2012B Borrower shall be required to deposit in the Interest Reserve, prior to the 21st month, three (3) months of interest on the portion of the 2012B Loan proceeds which have been disbursed from the Restricted Loan Subaccount, plus three (3) months of interest on any portion of the 2012B Loan proceeds which remain on deposit in the Restricted Loan Subaccount at such time. Failure of the 2012B Borrower to make any of these deposits to the Revenue Fund shall be an event of default under the Loan Agreement unless there are sufficient funds remaining under the standby letter of credit in the amount of \$609,975 delivered by the 2012B Borrower at the Closing from which the Authority may make a draw for the required deposit.

The Authority will commence amortization of the principal on the 2012B Loan upon Conversion unless the 2012B Borrower requests that amortization commence prior to such Conversion. Upon such a request, the Authority may commence amortization subject to certain conditions in the Loan Agreement including the Authority's receipt of written confirmation from the FHA that such amortization prior to Conversion does not adversely affect the Authority's right to make a claim upon the Risk-Share Insurance. **The Loan Agreement requires that, at all times, the 2012B Loan must remain subject to Risk-Share Insurance.** Regardless of whether or not amortization commences prior to Conversion, an event of default shall occur under the Loan Agreement if Conversion has not occurred by a date which is 24 months following the Closing. Upon any event of default under the Loan Agreement, the 2012B Loan shall be subject to acceleration, and the Authority shall also have the right to exercise any other remedy under the Loan Agreement. See "Part I – TERMS OF THE 2012 SERIES B BONDS – Prior Redemption – Special Redemption." See also "Part II – CERTAIN BONDOWNERS' RISKS – Considerations Regarding Redemption – Loan Conversion Redemption Considerations."

Interest Rates; Payment of Interest

In accordance with the Loan Agreement, the 2012B Loan will bear interest at the rates shown in **Appendix G-1** – "CERTAIN INFORMATION REGARDING THE 2012B LOAN AND THE PROJECT – 2012B Loan." Interest payable during the Construction Phase will be paid with proceeds of the 2012B Loan and other amounts deposited to the Revenue Fund and the Interest Reserve as described in "Part I – PLAN OF FINANCE – Disbursements from the Revenue Fund and Interest Reserve" and in "The Loan Agreement" under this caption.

Construction Phase Security

During the Construction Phase, the 2012B Loan will be secured by (i) the Deed of Trust, which will be issued in favor of the Trustee, (ii) the Risk-Share Insurance of the disbursements from the Restricted Loan Subaccount, (iii) the amounts which remain undisbursed in the Restricted Loan Subaccount, and (iv) amounts on deposit in the Revenue Fund and the Interest Reserve to pay interest on the 2012B Loan during the Construction Phase. Amounts will only be disbursed from the Restricted Loan Subaccount in accordance with the disbursement process described in "Part I – PLAN OF FINANCE – Disbursements from the Restricted Loan Subaccount," following endorsement of the note evidencing the 2012B Loan by the FHA for Risk-Share Insurance of such disbursements.

Post-Conversion Security

Upon completion of the construction of the Project, the Authority will request the FHA to endorse the 2012B Loan as a permanent loan for Risk-Share Insurance, following compliance with the requirements of the FHA. See **Appendix H** – "FEDERAL INSURANCE PROGRAMS" for a discussion of the Risk-Share Insurance. Following Conversion, the 2012B Loan will continue to be secured by the Deed of Trust and will also be secured by the Risk-Share Insurance and certain reserve funds which are to be established under the Loan Agreement and funded following the Construction Phase as described in **Appendix G-1**. If Conversion has not occurred by a date which is twenty-four (24) months following the Closing, there shall be an event of default under the Loan Agreement as described in "The Loan Agreement" under this caption.

Servicing by the Authority

The Authority will service the 2012B Loan, handling the receipt and disbursement of funds related to the 2012B Loan. This includes receiving payments, monitoring and disbursing escrowed funds for taxes and insurance and managing delinquencies and claims. The Authority will oversee compliance by the 2012B Borrower with requirements of the 2012B Loan, including occupancy and rental restrictions with respect to such 2012B Loan and the 2012B Facility, and will review the financial status of the Project. The Authority similarly oversees compliance for certain other Loans outstanding under the Master Indenture. The Authority believes that, through its in-house servicing operations, the Authority is servicing the Loans in accordance with servicing practices or standards as required to maintain any applicable insurance with respect to such Loans. For more information concerning the Authority, see "Part II – COLORADO HOUSING AND FINANCE AUTHORITY."

Modification of Loan Terms

In the Master Indenture, the Authority has agreed that it shall not consent or agree to permit any amendment or modification of the financial terms of any Loan or any security thereof in any manner materially adverse to the interests of the Owners of the Bonds, as determined in good faith by the Authority. See **Appendix C** – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Covenants Relating to Loans."

Prepayment Lock-Out

Under the Loan Agreement, the 2012B Borrower and the Authority will agree that the 2012B Loan may not be prepaid in whole or in part at any time prior to ten (10) years following the Closing.

The Regulatory Agreement

Simultaneously with the Closing, the 2012B Borrower will enter into a regulatory agreement with the Authority (the "**CHFA Regulatory Agreement**") relating to the 2012B Bonds and the 2012B Facility. Pursuant to the provisions of the CHFA Regulatory Agreement, the 2012B Borrower will agree, among other things, to rent the units in the 2012B Facility so as to comply with applicable provisions of the Tax Code, State and federal law, and CHFA regulatory requirements. In particular, the 2012B Borrower will agree (i) that each individual rental unit (except for management units) in the 2012B Facility will be rented or held for rental to the general public on a continuous basis and (ii) not to discriminate against tenants receiving Housing Assistance Payments Program under Section 8 of the United States Housing Act of 1937, as amended, or discriminate on the basis of race, creed, color, sex, sexual preference, source of income, physical disability, religion, national origin, marital status, familial status or political opinion or affiliation in the rental, lease, use or occupancy of the 2012B Facility or in

connection with the employment or application for employment of persons for the operation and management of the 2012B Facility. In addition, the 2012B Borrower will agree to certain occupancy requirements based on state law income limits and certain federal limitations, where applicable, and to certain rental restrictions as described in **Appendix G-1** – "CERTAIN INFORMATION REGARDING THE 2012B LOAN AND THE PROJECT – The Project." As a condition to occupancy, each person who is intended to be a qualified tenant with respect to the 2012B Facility is required to execute and deliver a Certificate of Resident Eligibility and supporting documentation with respect to household composition, adjusted gross income and other sources of income.

The CHFA Regulatory Agreement also contains provisions for verifying compliance with the terms thereof. The provisions of the CHFA Regulatory Agreement discussed herein are intended, among other things, to insure compliance with the requirements of the Tax Code with respect to the excludability of the interest on the 2012 Series B Bonds from gross income for federal income tax purposes. If any violation by the 2012B Borrower of the CHFA Regulatory Agreement is not corrected to the satisfaction of the Authority within the period of time specified by the Authority (which shall be at least 60 days after the date any notice to or by the 2012B Borrower and the 2012B Borrower's members is mailed, or within such further time (as may be approved in an opinion of Bond Counsel addressed to the 2012B Borrower and the Authority) as is necessary to correct the violation without loss of the exclusion from gross income for federal income tax purposes of interest on the 2012 Series B Bonds, not to exceed any limitations set by applicable Treasury Regulations), without further notice, the Authority shall declare a default under the CHFA Regulatory Agreement effective on the date of such declaration of default, and upon such default, the Authority may apply to any court, state or federal, for specific performance of the CHFA Regulatory Agreement or an injunction against any violation of the CHFA Regulatory Agreement. *Such a breach by the 2012B Borrower may result in interest on the 2012 Series B Bonds being included in gross income of the Owners of such 2012 Series B Bonds for purposes of federal income taxation and will not result in a mandatory redemption of such 2012 Series B Bonds under the Indenture as described in "Part II – CERTAIN BONDOWNERS' RISKS – Enforcement of Regulatory Agreements."*

Debt Service Reserve Fund Requirement

The Debt Service Reserve Fund Requirement for the 2012 Series B Bonds will be, as of any date of calculation, an amount equal to two-thirds of the maximum principal and interest payment due for any current or future period of twelve consecutive calendar months on the 2012B Loan (which amount is approximately \$659,337), less the aggregate amount in the subaccounts of the Debt Service Reserve Fund for all other Series of Bonds in excess of the aggregate Debt Service Reserve Fund Requirements for all such other Series of Bonds, but only to the extent such excess has not been taken into account in the calculation of the debt service reserve fund requirement for any other Series of Bonds. Certain moneys currently on deposit in the Debt Service Reserve Fund under the Master Indenture will be allocated to satisfy the Debt Service Reserve Fund Requirement with respect to the 2012 Series B Bonds. See "Part I – PLAN OF FINANCE – Use of Funds."

Investments

Amounts in the Debt Service Fund, the Debt Service Reserve Fund, the Revenue Fund and prepayments deposited in the Loan Recycling Account will be invested by the Trustee at the direction of the Authority in certain permitted Investment Securities (together with the 2012B Investment Agreement, the "**2012B Investments**") pursuant to the terms of the Master Indenture. See **Appendix C** – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Certain Definitions – Investment Securities" for a description of the permitted Investment Securities in which such amounts may be invested.

In connection with the prior issuance of certain Multi-Family/Project Bonds outstanding under the Master Indenture, the Authority has invested certain amounts in Series subaccounts of Funds related to such Obligations in investment agreements with the investment providers and at the rates set forth in the table below. As of April 1, 2012, the total amounts in Funds held under the Master Indenture invested with respective investment providers were as follows: \$8,245,688 with GE Funding Capital Market Services, Inc.; \$22,191,951 with CDC Funding Corp.; and \$22,294,486 with Natixis Funding Corp.

**Outstanding Investment Agreements
(April 1, 2012)**

<u>Series</u>	<u>Funds Invested (in related Series subaccounts)</u>	<u>Investment Provider (1)</u>	<u>Amounts Invested</u>	<u>Rate</u>	<u>Termination Date</u>
2000A	Revenue Fund; Redemption Fund	GE Funding Capital Market Services, Inc. (2)	\$8,245,688	6.00%	10/1/2032
2000B	Revenue Fund; Redemption Fund	CDC Funding Corp.	2,874,968	6.26%	4/1/2042
2001A	Revenue Fund; Redemption Fund	CDC Funding Corp.	2,201,788	5.26%	4/1/2043
2002A	Revenue Fund; Redemption Fund; Debt Service Reserve Fund	CDC Funding Corp.	5,186,725	5.50%	10/1/2042
2002C	Debt Service Reserve Fund	CDC Funding Corp.	6,919,005	4.89%	10/1/2042
2002C	Revenue Fund; Redemption Fund	CDC Funding Corp.	5,009,465	4.26%	10/1/2042
2007B	Revenue Fund; Redemption Fund; Loan Recycling (3)	Natixis Funding Corp.	7,273,748	4.46%/ one month LIBOR minus 10 bps	10/1/2038
2007B	Debt Service Reserve Fund (3)	Natixis Funding Corp.	6,875,000	5.27%	10/1/2038
2008A	Revenue Fund; Redemption Fund	Natixis Funding Corp.	3,460,921	3.61%/ one month LIBOR minus 10 bps	4/1/2043
2008A	Debt Service Reserve Fund	Natixis Funding Corp.	2,671,881	4.33%	4/1/2043
2008B	Revenue Fund; Redemption Fund	Natixis Funding Corp.	2,011,936	4.71%	5/1/2052

- (1) Neither the Authority nor the Underwriter make any representation about the financial condition or creditworthiness of the investment providers listed in this chart. Prospective investors are urged to make their own investigation into the financial condition and creditworthiness of the Investment Providers. See "Part II – SECURITY FOR THE OBLIGATIONS."
- (2) GE Funding Capital Market Services, Inc. was originally known as FGIC Capital Market Services, Inc. The name of FGIC Capital Market Services, Inc. was changed to GE Funding Capital Market Services, Inc. after General Electric Corporation sold its interests in Financial Guaranty Insurance Company to outside investors in 2003. The obligations of GE Funding Capital Market Services, Inc. under the applicable investment agreements are unconditionally guaranteed by General Electric Capital Corporation.
- (3) These funds are invested under a master repurchase agreement entered with Natixis Funding Corp. on January 29, 2010 (the "**Master Repurchase Agreement**"). The Master Repurchase Agreement replaced the investment agreements previously in effect, and provides for the delivery of securities to the Trustee at a collateralization level of 105%.

In accordance with the terms of the Master Indenture, the Authority has also from time to time instructed the Trustee to invest certain moneys held by the Trustee in Funds and Accounts relating to prior Obligations in permitted Investment Securities. Information about such investments is available in filings

with EMMA that the Authority makes quarterly and annually in connection with certain outstanding Bonds under the Master Indenture.

The assumptions made by the Authority as to projected cashflows include the assumption that the investment rates provided by the 2012B Investments and by the investment agreements on the preceding table will be available as described. However, in the event that the 2012B Investments or any investment agreement shown on the preceding table is terminated as a result of default by the respective investment provider or for any other reason, it may not be possible to reinvest such proceeds and deposits at these assumed rates and the cashflows may be adversely affected. *Neither the Authority nor the Underwriter makes any representation about the financial condition or creditworthiness of any of the investment providers shown on the preceding table. Prospective investors are urged to make their own investigation into the financial condition and creditworthiness of the investment providers shown in the preceding table.*

TAX MATTERS

Federal Tax Treatment of Interest on 2012 Series B Bonds

In the opinion of Sherman & Howard L.L.C., Bond Counsel, assuming continuous compliance with certain covenants described below, interest on the 2012 Series B Bonds (except for interest on any 2012 Series B Bond for any period during which it is held by a "substantial user" of any facilities financed with the 2012 Series B Bonds or a "related person" as such terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended to the date of delivery of the 2012 Series B Bonds (the "**Tax Code**")) is excluded from gross income under federal income tax laws pursuant to Section 103 of the Tax Code; further, interest on the 2012 Series B Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code.

The Tax Code imposes several requirements which must be met with respect to the 2012 Series B Bonds in order for the interest thereon to be excluded from gross income and alternative minimum taxable income. Certain of these requirements must be met on a continuous basis throughout the term of the 2012 Series B Bonds. These requirements include: (a) limitations as to the use of proceeds of the 2012 Series B Bonds; (b) limitations on the extent to which proceeds of the 2012 Series B Bonds may be invested in higher yielding investments; and (c) a provision, subject to certain limited exceptions, that requires all investment earnings on the proceeds of the 2012 Series B Bonds above the yield on the 2012 Series B Bonds to be paid to the United States Treasury.

The Authority will covenant and represent in the Indenture that it will not take any action or omit to take any action with respect to the 2012 Series B Bonds, the proceeds thereof, any other funds of the Authority or any facilities financed with the proceeds of the 2012 Series B Bonds if such action or omission would cause the interest on the 2012 Series B Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Code. The 2012B Borrower will make similar covenants and representations in the 2012B Borrower's loan documents. Bond Counsel's opinion as to the exclusion of interest on the 2012 Series B Bonds from gross income is rendered in reliance on these covenants, and assumes continuous compliance therewith. The failure or inability of the Authority or the 2012B Borrower to comply with these requirements could cause the interest on the 2012 Series B Bonds to be included in gross income from the date of issuance. Bond Counsel's opinion also is rendered in reliance upon certifications of the Authority and other certifications and representations furnished to Bond Counsel. Bond Counsel has not undertaken to verify such certifications or representations by independent investigation.

The Tax Code contains numerous provisions which may affect an investor's decision to purchase the 2012 Series B Bonds. Owners of the 2012 Series B Bonds should be aware that the ownership of tax-exempt obligations by particular persons and entities, including, without limitation, financial institutions, insurance companies, recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, foreign corporations doing business in the United States and certain "subchapter S" corporations may result in adverse federal tax consequences. Under Section 3406 of the Tax Code, backup withholding may be imposed on payments on the 2012 Series B Bonds made to any Owner who fails to provide certain required information, including an accurate taxpayer identification number, to certain persons required to collect such information pursuant to the Tax Code. Backup withholding may also be applied if the Owner underreports "reportable payments" (including interest and dividends) as defined in Section 3406, or fails to provide a certificate that the Owner is not subject to backup withholding in circumstances where such a certificate is required by the Tax Code.

IRS Audit Program

The Internal Revenue Service (the "**Service**") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Service will commence an audit of the 2012 Series B Bonds. If an audit is commenced, the market value of the 2012 Series B Bonds may be adversely affected. Under current audit procedures, the Service will treat the Authority as the taxpayer and the Bondowners may have no right to participate in such procedures. The Authority has covenanted in the Indenture not to take any action or omit to take any action that would cause the interest on the 2012 Series B Bonds to lose its exclusion from gross income under the Tax Code. None of the Authority, the Underwriter or Bond Counsel is responsible for paying or reimbursing any Registered Owner or Beneficial Owner for any audit or litigation costs relating to the 2012 Series B Bonds.

Colorado Tax Treatment of 2012 Series B Bonds

In the opinion of Bond Counsel, the 2012 Series B Bonds, their transfer and the income therefrom is free from taxation by the State of Colorado under Colorado law in effect as of the date of delivery of the 2012 Series B Bonds.

Other

Bond Counsel's opinion relates only to the exclusion of interest on the 2012 Series B Bonds to the extent described above from gross income and from alternative minimum taxable income under federal income tax laws, and the exclusion of the 2012 Series B Bonds from certain State of Colorado taxation as described above, and will state that no opinion is expressed regarding other federal or state tax consequences arising from the receipt or accrual of interest on or ownership or disposition of 2012 Series B Bonds. Owners of the 2012 Series B Bonds should consult their own tax advisors as to the applicability of these consequences.

The opinions expressed by Bond Counsel are based on existing law as of the delivery date of the 2012 Series B Bonds. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to pending or proposed legislation. Amendments to the federal and state tax laws may be pending now or could be proposed in the future which, if enacted into law, could adversely affect the value of the 2012 Series B Bonds, the exclusion of interest on the 2012 Series B Bonds from gross income or from alternative minimum taxable income under federal income tax laws and the exclusion of the 2012 Series B Bonds from certain Colorado taxation as described above, or any combination thereof

from the date of issuance of the 2012 Series B Bonds or any other date, or which could result in other adverse tax consequences. In addition, future court actions or regulatory decisions could affect the market value of the 2012 Series B Bonds. Bond Owners are advised to consult with their own advisors with respect to such matters.

UNDERWRITING

The 2012 Series B Bonds are to be purchased from the Authority by D.A. Davidson & Co. (the "Underwriter"). The Underwriter has agreed, subject to certain conditions, to purchase all but not less than all of the 2012 Series B Bonds at a price equal to \$17,362,750 (being the par amount of the 2012 Series B Bonds less Underwriter's discount of \$87,250). The initial public offering price may be changed from time to time by the Underwriter.

FORWARD-LOOKING STATEMENTS

This Official Statement contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "forecast," "intend," "expect," "project," "budget," "plan" and similar expressions identify forward-looking statements.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE AUTHORITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

LITIGATION

At the time of the delivery of and payment for the 2012 Series B Bonds, the Authority will deliver an opinion of its General Counsel, Charles L. Borgman, Esq., to the effect that no litigation before any court is pending or, to his knowledge, threatened against the Authority in any way affecting the existence of the Authority or the titles of its officers to their respective offices, or seeking to restrain or to enjoin the issuance, sale or delivery of the 2012 Series B Bonds, or which would materially adversely affect the financial condition of the Authority, or in any way contesting or affecting the validity or enforceability of the 2012 Series B Bonds, the Indenture or the contract for the purchase of the 2012 Series B Bonds.

RATINGS

Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc. ("S&P") and Moody's Investors Service ("Moody's") have given the 2012 Series B Bonds ratings of "AAA" and "Aaa," respectively, both with a stable outlook. The outstanding Class I Bonds under the Master Indenture are so rated at the present time. Such ratings reflect only the views of Moody's and S&P, respectively, at the time such ratings are given, and are not a recommendation to buy, sell or hold the 2012 Series B Bonds. The Authority makes no representation as to the appropriateness of such ratings. An explanation of the significance of and the methodology with respect to the ratings given by Moody's

and S&P, respectively, may be obtained from Moody's and S&P, respectively. Generally, a rating agency bases its rating on the information and materials furnished it and on investigations, studies and assumptions of its own. There is no assurance that any such rating will continue for any given period of time or that any such rating will not be revised downward or withdrawn entirely by Moody's or S&P, respectively, if, in the judgment of the issuing rating agency, circumstances so warrant. Therefore, after the date hereof, investors should not assume that such ratings are still in effect. Any such downward revision or withdrawal of any such rating may have an adverse effect on the marketability or market price of the 2012 Series B Bonds. The Authority has no obligation to oppose, or to provide Owners of the 2012 Series B Bonds with notice of, any such revision or withdrawal of a rating, except in connection with the reporting of events as provided in the Continuing Disclosure Undertaking (see **Appendix J-1** to this Official Statement).

LEGAL MATTERS

In connection with the issuance and sale of the 2012 Series B Bonds, Sherman & Howard L.L.C., as Bond Counsel, will deliver the opinion included as **Appendix E** hereto. Hogan Lovells US LLP will pass upon certain legal matters relating to the 2012 Series B Bonds as Disclosure Counsel to the Authority. Certain legal matters relating to the 2012 Series B Bonds will be passed upon for the Authority by Charles L. Borgman, Esq., its General Counsel. Bookhardt & O'Toole will pass upon certain matters for the Underwriter. The Borrower is being represented by its counsel, Faegre Baker Daniels LLP, Denver, Colorado.

Neither Sherman & Howard L.L.C., Hogan Lovells US LLP nor Bookhardt & O'Toole have participated in any independent verification of the information concerning the financial condition or capabilities of the Authority, the 2012B Borrower or the Project contained in this Official Statement.

FINANCIAL ADVISOR

The Authority has retained CSG Advisors Incorporated as its financial advisor (the "**Financial Advisor**") in connection with the issuance of the 2012 Series B Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. The Financial Advisor will act as an independent advisory firm and will not be engaged in the business of underwriting, trading or distributing the 2012 Series B Bonds.

CERTAIN RELATIONSHIPS OF PARTIES

D.A. Davidson & Co. is acting as the Underwriter of the 2012 Series B Bonds. D.A. Davidson & Co. is also the Remarketing Agent for certain other Bonds as described in **Appendix K** and for certain single family mortgage bonds issued by the Authority.

(End of Part I)

PART II

COLORADO HOUSING AND FINANCE AUTHORITY

Background

In 1973, upon a finding that there existed in the State a shortage of decent, safe and sanitary housing available within the financial capabilities of low and moderate income families, the Colorado General Assembly established the Colorado Housing Finance Authority, since renamed the Colorado Housing and Finance Authority, as a body corporate and a political subdivision of the State for the purpose of increasing the supply of decent, safe and sanitary housing for such families. The Act authorizes the Authority, among other things, to make loans to individuals and sponsors to finance the construction, reconstruction, rehabilitation or purchase of housing facilities for low and moderate income families and to purchase mortgage loans from, and lend moneys to, qualified Mortgage Lenders under terms and conditions which provide for loans to finance housing facilities for low and moderate income families. The Act was amended in 1982 to authorize the Authority to finance project and working capital loans to commercial and industrial enterprises of small and moderate size. The Act was amended again in 1987 to create an economic development fund to enable the Authority to finance projects or provide capital for business purposes.

In order to achieve its authorized purposes, the Authority currently operates Qualified and Non-Qualified Single Family Mortgage Programs, a Rental Acquisition Program and various rental and business finance programs. See "Programs To Date" under this caption. The Act authorizes the Authority to issue its bonds, notes and other obligations in order to provide sufficient funds to achieve its purposes as set forth in the Act. Bonds or notes issued with respect to such programs are and will be separately secured from other bonds of the Authority, including the Bonds, except as described in "Part II – SECURITY FOR THE OBLIGATIONS."

Board of Directors and Staff Officers

The Board of Directors of the Authority consists of the Colorado State Auditor, a member of the Colorado General Assembly appointed jointly by the Speaker of the House and the Majority Leader in the Senate, an executive director of a principal department of State government appointed by the Governor of Colorado and eight public members appointed by the Governor with the consent of the Senate. Members of the Board of Directors continue to serve after the end of their respective terms until a successor has been duly appointed and confirmed. The present members of the Board of Directors of the Authority are as follows:

Present Board of Directors of the Authority

<u>Name</u>	<u>Affiliation</u>	<u>End of Term</u>
James M. Hahn, Chair ⁽¹⁾	Principal, JMH Consulting, LLC; Denver, Colorado	July 1, 2013
Dianne Ray, Chair, <u>pro tem</u> ⁽²⁾	Colorado State Auditor; Denver, Colorado	Standing
Charles Knight, Secretary/Treasurer ⁽³⁾	Founding Partner, Venture Law Advisors; Denver, Colorado	July 1, 2015
Sam Betters	Executive Director; Housing Authority of the City of Loveland; Loveland, Colorado	July 1, 2013
John A. Blumberg	Co-Founder and Principal, Black Creek Capital LLC; Denver, Colorado	July 1, 2013
Reeves Brown	Executive Director, Colorado Department of Local Affairs; Denver, Colorado	At the pleasure of the Governor
Jennifer Lopez	Executive Director, Regional Housing Alliance; Durango, Colorado	July 1, 2015
David J. Myler, Esq.	Partner, The Myler Law Firm, P.C.; Basalt, Colorado	July 1, 2013
Cecilia Sanchez de Ortiz	Retired; Denver, Colorado	July 1, 2015
Joel S. Rosenstein, Esq.	Attorney; Denver, Colorado	July 1, 2013
Keith Swerdfeger	State Representative; Pueblo, Colorado	End of legislative biennium 2011-2012

⁽¹⁾ This Board member was elected as Chair of the Board effective March 22, 2012.

⁽²⁾ This Board member was elected as Chair, pro tem, of the Board effective March 22, 2012.

⁽³⁾ This Board member was appointed as Secretary/Treasurer of the Board effective March 22, 2012.

The principal staff officers of the Authority are as follows:

Cris A. White, **Executive Director**, was appointed as Executive Director in March 2010, after serving as Chief Operating Officer since February 2002. Mr. White joined the staff in 1988 and served in various capacities until January 1996. He rejoined the staff in September of 1996 as the Director of Asset Management, after serving in the interim as a business development executive with an international equipment and real estate mortgage lender. On February 1, 2001, Mr. White was appointed Deputy Executive Director for Asset Management and Business Support Services and served until his appointment as Chief Operating Officer. He also continued to serve as Director of Asset Management until December 10, 2001. Mr. White has a Bachelor's Degree in Business Administration from Regis College.

Jaime Gomez, **Chief Operating Officer**, joined the staff in August 1999. Prior to appointment to his current position in March 2010, Mr. Gomez served as the Director of Commercial Lending following a corporate reorganization in July 2006 which merged the Authority's Business Finance and Rental Finance Divisions, forming the Commercial Lending Division. Prior to that position, Mr. Gomez served as the Director of Business Finance. Mr. Gomez is a graduate of the University of Colorado with a degree in Finance. Mr. Gomez has prior experience working in both the public and private sector, including five-and-a-half years as director of finance and business development for the Colorado Office

of Economic Development. Mr. Gomez was also designated as a certified bank examiner by the Federal Reserve Board of Governors in February of 1991.

Charles L. Borgman, **General Counsel**, joined the staff in September 2004 and assumed the position of General Counsel on December 1, 2004. Mr. Borgman is a graduate of the University of Iowa and the University of Iowa College of Law and has over 30 years' experience in private practice and as in-house counsel in the areas of real estate, mortgage finance, commercial transactions, title insurance, banking and work-outs. Immediately prior to joining the Authority, Mr. Borgman was Vice President and Regional Counsel for North American Title Company, a part of Lennar Corporation.

Patricia Hippe, **Chief Financial Officer**, joined the staff in October 2011. Prior to joining the Authority, Ms. Hippe spent 16 years as the Deputy Commissioner and Chief Financial Officer of the Minnesota Housing Finance Agency. Prior to her work with the Minnesota Housing Finance Agency, Ms. Hippe was the manager of secondary market programs for Higher Education Management and Resources (HEMAR) Management Corporation. In this capacity, she oversaw the daily finance and accounting operations of HEMAR's seven affiliate companies which specialized in providing student loan secondary market programs. Following her work with HEMAR, Ms. Hippe was the assistant vice president and corporate trust officer for Wells Fargo Bank, formerly known as Norwest Bank. Ms. Hippe received her Bachelor's Degree in Business Administration from the University of Minnesota, and earned her Master of Business Administration Degree from the University of St. Thomas in St. Paul, Minnesota.

Margaret Danuser was appointed as **Director of Corporate Debt and Investment Management** in July 2010. Prior to joining the Authority, Mrs. Danuser served as the debt administrator for the City and County of Denver, and as a fixed income investment manager for the Dreyfus Founders Funds. She graduated from the University of Colorado at Boulder with a Bachelor of Arts degree in International Affairs.

Mariam J. Masid, **Director of Legal Services**, was appointed in October 2010. Prior to her current position, beginning in December 2005, Ms. Masid served the Authority as an in-house Senior Attorney. Ms. Masid is a graduate of the University of Nebraska College of Law and also earned a Ph.D. from Colorado State University in Earth Sciences, Water Resource Management. She has over 30 years' experience in private practice and as in-house counsel in the areas of real estate, mortgage finance, municipal law, litigation, and general civil matters. Prior to joining the Authority, Ms. Masid was an adjunct professor at Colorado State University teaching real estate law, real estate principles and business law.

Karen Harkin, CMB, CML, was appointed as **Director of Home Finance** in February 2001. Ms. Harkin joined the staff in June 1999. Ms. Harkin received a Bachelor of Science degree from the University of Wisconsin-Madison and a Master's Degree in Business Administration from the University of Dubuque, Dubuque, Iowa. Ms. Harkin has more than twenty years' experience in various capacities in public, private and non-profit real estate lending and development. Ms. Harkin has announced her resignation from the Authority effective October 26, 2012. Senior management is in the process of interviewing candidates for Ms. Harkin's position in an effort to have a replacement identified prior to Ms. Harkin's departure.

Mark A. MacNicholas, **Controller**, joined the staff in October 2008. Prior to joining the Authority, Mr. MacNicholas served as Controller for SunCorp Corporate Credit Union. During his career, Mr. MacNicholas has served in various accounting roles within the financial services industry. Mr. MacNicholas has a Bachelor's Degree in Business Administration from the University of Iowa and a Master's Degree in Accountancy from DePaul University and is a Certified Public Accountant.

Steve Johnson was appointed as **Director of Commercial Lending** in July 2010. Mr. Johnson began working for the Authority in 1996 as a Business Finance Loan Officer. In 1999, he was promoted to Manager of Business Lending Production. In that position, Mr. Johnson led the Authority's small business team's efforts to diversify and expand the products available to help small businesses access capital. Mr. Johnson is the vice chair of the Colorado Enterprise Fund, and a board member of the Council of Development Finance Agencies (CDFA). He graduated from Hillsdale College in Michigan with a Bachelor of Arts degree in marketing and finance.

D. Brian Miller was appointed as **Director of Asset Management** in October 2006. Prior to his current position, Mr. Miller served as the Manager of Multifamily Loan Compliance Department, as well as various other positions within the Asset Management Division since joining the Authority in November 1998. Mr. Miller has over fifteen years' experience in financial services and asset management. Mr. Miller is a graduate of the University of Northern Colorado with a Bachelor's Degree in Finance.

Rodney D. Hardin joined the staff as **Director of Information Technology** in January 2005. Prior to joining the Authority, Mr. Hardin served as SVP/CIO at Pulte Mortgage LLC for 11 years. He also served as SVP/MIS Manager at North American Mortgage for five years. He is past Chairman of the MBA Residential Technology Steering Committee. His education includes a Bachelor's Degree in Business Administration from Sonoma State University in Rohnert Park, California and a Master's Degree in Business Administration from Regis University in Denver, Colorado.

Deborah Herrera, **Director of Human Resources**, originally joined the Authority in October 2001 as a senior level Human Resources Generalist and rejoined the Authority in September 2006 as the Director of Human Resources. She has ten years of human resources experience, during four years of which she served in a management capacity in the financial/mortgage industry. Prior to rejoining the Authority, Mrs. Herrera was a Human Resources Director for an information and analytics company serving the mortgage and finance industry. Mrs. Herrera received a Bachelor of Arts in Psychology and a Master's in Human Resources Management from the University of North Florida.

The position of **Director of Loan Servicing** was vacated on September 10, 2012. The Authority recently issued a Request for Proposals from third party loan servicers to sub-service the Authority's single family loan portfolio and will review the role of the Director of Loan Servicing in light of proposals that the Authority receives.

Employees and Pension Information

As of December 31, 2011, the Authority had approximately 194 full-time employees, all of whom were members of the Public Employees' Retirement Association of Colorado ("**PERA**"). State statutes required the Authority to contribute 13.70% of each participating employee's gross salary to PERA in 2011. In 2011, the Authority's PERA contribution totaled approximately \$1,869,000, compared to an Authority contribution in 2010 of \$1,665,000. See footnote (11) of the audited 2011 financial statements of the Authority, included in **Appendix A** to this Official Statement, for further information.

Insurance Coverage

The Authority has general liability, errors and omission and employee dishonesty insurance coverage.

Selected Financial Information

The following is a brief summary of historical selected financial information for the Authority. The audited 2011 financial statements of the Authority included in **Appendix A** to this Official Statement also provide certain financial information about the Authority on a fund accounting basis, including a description of its General Fund. This information has been included solely for purposes of providing a general overview for potential purchasers of the financial status of the Authority given that the Authority operates the programs which result in the Loans securing Bonds and Derivative Products under the Master Indenture and also services such Loans. The Bonds and Derivative Products are limited obligations of the Authority secured by and payable from the Trust Estate, except in the limited case of those Bonds and Derivative Products designated as general obligations of the Authority. See "Obligations of the Authority – General Obligations" and "The General Fund" under this caption. For specific information about the Trust Estate, see "Part I – CERTAIN PROGRAM ASSUMPTIONS" and "Part II – SECURITY FOR THE OBLIGATIONS" in the Official Statement and **Appendices B** and **G-2** of this Official Statement. *The overall financial status of the Authority does not indicate and will not necessarily affect whether amounts will be available in the Trust Estate to pay principal and interest on Bonds when due.*

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Colorado Housing and Finance Authority
Combining Schedule - Statement of Net Position

December 31, 2011

(with summarized financial information for December 31, 2010)

(in thousands of dollars)

	General Programs	Single Family	Multi-Family/ Business	Eliminations	2011	Summarized 2010
Assets						
Current assets:						
Cash (Note 2)						
Restricted	\$ 56,011	\$ -	\$ -	\$ -	\$ 56,011	\$ 75,483
Unrestricted	33,281	-	-	-	33,281	16,498
Investments (Note 2)	9,058	530,373	106,801	-	646,232	652,878
Loans receivable (Note 3)	43,986	44,709	25,568	(562)	113,701	134,211
Loans receivable held for sale (Note 3)	38,206	-	-	-	38,206	47,478
Accrued interest receivable	3,339	8,865	4,865	(160)	16,909	20,075
Deferred debt financing costs, net	15	478	174	-	667	778
Other assets	6,977	378	118	-	7,473	9,541
Due (to) from other programs	(27,174)	20,345	6,829	-	-	-
Total current assets	163,699	605,148	144,355	(722)	912,480	956,942
Noncurrent assets:						
Investments (Note 2)	658	154,576	83,204	-	238,438	219,983
Loans receivable, net (Note 3)	129,417	1,296,553	741,465	(16,290)	2,151,145	2,467,772
Capital assets - non-depreciable (Note 4)	5,026	-	-	-	5,026	5,547
Capital assets - depreciable, net (Note 4)	19,134	-	-	-	19,134	21,194
Other real estate owned, net	3,515	4,448	2,656	-	10,619	12,505
Deferred debt financing costs, net	263	8,605	3,138	-	12,006	13,998
Other assets	22,691	-	-	-	22,691	22,164
Total noncurrent assets	180,704	1,464,182	830,463	(16,290)	2,459,059	2,763,163
Total assets	344,403	2,069,330	974,818	(17,012)	3,371,539	3,720,105
Total Deferred Outflows - Hedging						
Accumulated decrease in fair value of hedging derivatives	-	135,763	131,647	-	267,410	180,245
Liabilities						
Current liabilities:						
Short-term debt (Note 5)	46,100	-	-	-	46,100	87,900
Bonds payable (Note 6)	-	311,847	9,665	-	321,512	299,187
Notes payable (Note 6)	104	-	-	-	104	79
Accrued interest payable	1,178	14,433	10,093	(160)	25,544	25,641
Federally assisted program advances	458	-	-	-	458	60
Accounts payable and other liabilities	45,605	1,071	743	-	47,419	65,063
Total current liabilities	93,445	327,351	20,501	(160)	441,137	477,930
Noncurrent liabilities:						
Bonds payable, net (Note 6)	70,285	1,629,772	860,303	-	2,560,360	2,910,329
Derivative instruments	727	149,577	131,647	-	281,951	183,600
Derivatives related borrowing	-	27,253	26,354	-	53,607	59,972
Notes payable (Note 6)	24,283	-	-	(16,852)	7,431	6,173
Other liabilities (Note 6)	22,237	872	832	-	23,941	8,767
Total noncurrent liabilities	117,532	1,807,474	1,019,136	(16,852)	2,927,290	3,168,841
Total liabilities	210,977	2,134,825	1,039,637	(17,012)	3,368,427	3,646,771
Net position						
Invested in capital assets, net of related debt	7,308	-	-	16,852	24,160	26,741
Restricted by bond indentures	-	70,268	66,828	-	137,096	113,252
Unrestricted (Note 10)	126,118	-	-	(16,852)	109,266	113,586
Total net position	\$ 133,426	\$ 70,268	\$ 66,828	\$ -	\$ 270,522	\$ 253,579

Colorado Housing and Finance Authority
Combining Schedule - Statement of Revenues, Expenses and Changes in Net Position

For the year ended December 31, 2011

(with summarized financial information for the year ended December 31, 2010)

(in thousands of dollars)

	General Program	Single Family	Multi-Family/ Business	Eliminations	2011	Summarized 2010
Interest income and expense:						
Interest on loans receivable	\$ 12,719	\$ 75,599	\$ 47,564	\$ (1,285)	\$ 134,597	\$ 151,319
Interest on investments	735	15,154	7,534	-	23,423	18,094
Interest on debt	(6,765)	(89,676)	(43,389)	1,285	(138,545)	(141,458)
Net interest income	6,689	1,077	11,709	-	19,475	27,955
Other operating income:						
Rental income	8,804	-	-	-	8,804	9,306
Loan servicing income	13,633	-	(3)	-	13,630	13,058
Section 8 administration fees	5,052	-	-	-	5,052	4,629
Gain on sale of loans	16,792	-	-	-	16,792	19,817
Investment derivative activity loss	(527)	(1,188)	-	-	(1,715)	(473)
Net increase (decrease) in the fair value of investments	74	21,264	4,549	-	25,887	7,324
Other revenues (losses)	255	506	-	-	761	1,713
Total other operating income	44,083	20,582	4,546	-	69,211	55,374
Total operating income	50,772	21,659	16,255	-	88,686	83,329
Operating expenses:						
Salaries and related benefits	18,210	-	-	-	18,210	17,808
General operating	38,963	1,319	501	-	40,783	55,636
Depreciation	3,684	-	-	-	3,684	3,773
Provision for losses	3,791	4,746	499	-	9,036	6,521
Total operating expenses	64,648	6,065	1,000	-	71,713	83,738
Net operating income (loss)	(13,876)	15,594	15,255	-	16,973	(409)
Nonoperating revenues and expenses:						
Federal grant receipts	134,491	-	-	-	134,491	134,613
Federal grant payments	(134,491)	-	-	-	(134,491)	(134,613)
Gains on sales of capital assets	(30)	-	-	-	(30)	128
Total nonoperating revenues, net	(30)	-	-	-	(30)	128
Income before transfers	(13,906)	15,594	15,255	-	16,943	(281)
Transfers from (to) other programs	7,005	4,049	(11,054)	-	-	-
Change in net position	(6,901)	19,643	4,201	-	16,943	(281)
Net position:						
Beginning of year	140,327	50,625	62,627	-	253,579	253,860
End of year	\$ 133,426	\$ 70,268	\$ 66,828	\$ -	\$ 270,522	\$ 253,579

The General Fund

Generally

CERTAIN OBLIGATIONS UNDER THE MASTER INDENTURE HAVE BEEN OR MAY IN THE FUTURE BE DESIGNATED AS GENERAL OBLIGATIONS OF THE AUTHORITY. SEE "PART II – SECURITY FOR THE OBLIGATIONS" AND **APPENDIX B** – "OUTSTANDING MASTER INDENTURE OBLIGATIONS." THE FOLLOWING INFORMATION REGARDING THE AUTHORITY'S GENERAL FUND IS PROVIDED ONLY IN CONNECTION WITH OBLIGATIONS WHICH HAVE BEEN OR ARE IN THE FUTURE SO DESIGNATED.

The General Fund is funded principally from reimbursement of administrative expenses and other allowable transfers from other funds (including the transfer of assets in excess of specified parity levels from other bond issues); loan fees payable to the Authority by borrowers; servicing fees payable to the Authority in connection with outstanding loans, income from the Authority's Rental Acquisition Program; income on investments and mortgage loans held temporarily (for warehousing purposes) and permanently in the General Fund; and administrative fees payable by the federal government in connection with the Section 8 housing assistance payments program. Uses of amounts in the General Fund include payment of general and other administrative expenses and payment of costs relating to those activities deemed necessary to fulfill the Authority's corporate purposes and not payable from other funds of the Authority. The General Fund itself is not subject to any pledge created under the Master Indenture.

The Authority Board, in its discretion, has historically from time to time designated portions of the General Fund balance to particular purposes, and may do so in the future, which may affect the availability of the General Fund for payments in connection with any Bonds or Derivative Products which have been designated as general obligations. The designations have been or may be for particular uses by means of annual appropriations to certain programs, the establishment of reserves in limited situations and the imposition of restrictions on the fund balance. Designations by the Authority's Board using each of these means may also be redesignated at any time in the Board's discretion. The Authority Board also annually restricts the fund balance of the General Fund (net of amounts previously appropriated or restricted for various funds, debt service reserves, or operating reserves) for the benefit of the holders of certain bonds of the Authority in the event that no other moneys are legally available for debt service payments. As long as the Authority is not in default under the related indenture or resolution for such bonds, the Board may withdraw such restricted amounts at any time.

Financial Information for the General Fund

The following table sets forth historical selected financial information for the General Fund for the five years ended December 31, 2011 as provided by the Authority.

**Colorado Housing and Finance Authority
General Fund
Selected Financial Information
Years Ended December 31
(in thousands of dollars)**

	<u>FY</u> <u>2011</u>	<u>FY</u> <u>2010</u>	<u>FY</u> <u>2009*</u>	<u>FY</u> <u>2008</u>	<u>FY</u> <u>2007</u>
Interest and investment revenue:					
Loans receivable	\$12,719	\$13,302	\$17,979	\$15,635	\$12,900
Investments	730	426	337	1,807	3,420
Net increase (decrease) fair value of long-term investments	<u>74</u>	<u>47</u>	<u>(185)</u>	<u>41</u>	<u>(66)</u>
Total interest and investment revenue	13,523	13,775	18,131	17,483	16,254
 Interest expense - bonds and notes payable	 <u>5,722</u>	 <u>5,603</u>	 <u>6,457</u>	 <u>8,989</u>	 <u>9,718</u>
Net interest and investment revenue	7,801	8,127	11,674	8,494	6,536
 Other revenue (expense):					
Rental operations	8,804	9,306	7,460	8,424	10,882
Fees and miscellaneous income	35,731	39,219	27,106	17,592	17,432
Hedging activity loss	(527)	(200)	--	--	--
Gain on sales of capital assets	<u>(30)</u>	<u>128</u>	<u>2</u>	<u>6,091</u>	<u>6,650</u>
Total other revenue	<u>43,978</u>	<u>48,453</u>	<u>34,568</u>	<u>32,107</u>	<u>34,964</u>
Net revenue	51,779	56,625	46,242	40,601	41,500
 Other expenses:					
Salaries and related benefits	18,210	17,808	16,180	14,935	14,341
General operating	38,962	54,306	16,334	14,160	15,626
Provision for losses	3,791	2,917	3,662	2,985	(300)
Other interest expense	1,038	1,068	1,099	1,137	1,465
Transfers	(7,005)	(2,236)	(4,078)	10,663	(3,644)
Depreciation	<u>3,684</u>	<u>3,773</u>	<u>3,159</u>	<u>2,685</u>	<u>2,722</u>
Total other expense	<u>58,680</u>	<u>77,636</u>	<u>36,356</u>	<u>46,565</u>	<u>30,210</u>
Change in net assets	<u>\$(6,901)</u>	<u>\$(21,011)</u>	<u>\$ 9,886</u>	<u>\$(5,964)</u>	<u>\$ 11,290</u>
Net Assets, end of year	<u>\$133,426</u>	<u>\$140,326</u>	<u>\$161,337</u>	<u>\$151,451</u>	<u>\$157,415</u>
Bonds and Notes Payable	<u>\$140,773</u>	<u>\$190,178</u>	<u>\$203,041</u>	<u>\$287,704</u>	<u>\$203,029</u>
Total Assets	<u>\$344,403</u>	<u>\$420,491</u>	<u>\$400,426</u>	<u>\$471,057</u>	<u>\$392,943</u>

* As restated in the audited financial statements of the Authority for the year ended December 31, 2010.

Sources: Derived based on the audited financial statements of the Authority for years ended December 31, 2007-2011. See the audited 2011 financial statements of the Authority, included in this Official Statement as **Appendix A**.

Financial Statements of the Authority

The most recent audited financial statements of the Authority are included as **Appendix A** to this Official Statement.

Authority Policy Regarding Swaps

The Master Indenture permits the Authority to enter into "Derivative Products," which include interest rate exchange or swap contracts, cash flow exchange contracts, forward swaps, interest rate floors, caps or collars and other derivative products which qualify as "Derivative Contracts" under the Indenture. See **Appendix B** and "Part II – SECURITY FOR THE OBLIGATIONS – Derivative Products." Under the master indenture relating to its Single-Family Program Bonds and under the general resolution relating to its Multifamily Housing Insured Mortgage Revenue Bonds, the Authority is also permitted to, and has entered into, certain derivative products which are described in footnote (8) of the audited 2011 financial statements of the Authority, included as **Appendix A** to this Official Statement.

Programs to Date

The following is a brief summary of the programs currently operated by the Authority. This summary has been included solely for purposes of providing information about the Authority's activities to assist a potential investor in evaluating the Authority and its programs. **Except as otherwise described herein, the loans referred to below are not pledged in any way as security for the Bonds. See "Part II – SECURITY FOR THE OBLIGATIONS."** See also "Obligations of the Authority" under this caption.

Commercial Loan Programs

Rental Finance Programs. The Commercial Lending Division of the Authority encompasses the business finance programs (described below) as well as the rental finance programs under which the Authority makes mortgage loans to qualified sponsors of low and moderate income multi-family housing within Colorado. As part of its rental finance activities, the Authority makes mortgage loans insured by an agency or instrumentality of the United States. The insured rental loans made by the Authority must be insured by an agency or instrumentality of the United States under an insurance program requiring payment of not less than 99% of the principal amount of such mortgage in the event of default. Insured rental loans made to date have been insured by the Federal Housing Administration ("**FHA**") under Sections 221(d)(3), 221(d)(4) and 223(f) of the National Housing Act of 1934, as amended, and under Section 542(c) of the Housing and Community Development Act of 1992, as amended. These insured rental loans have been funded by the Authority as described in "Obligations of the Authority – Commercial Loan Programs" under this caption. In the case of a Section 542(c) claim, the Authority is responsible to reimburse FHA for 50% of any loss incurred by the FHA as a result of and after settlement of such claim. See "Obligations of the Authority – General Obligations – Loans Backed by Authority General Obligation" under this caption. For certain information regarding the Authority's outstanding insured rental loans, see footnote (3) to the audited 2011 financial statements of the Authority included in this Official Statement as **Appendix A**.

The Authority also makes uninsured rental loans to §501(c)(3) nonprofit corporations and public housing authorities as well as to for-profit borrowers. Certain of these uninsured rental loans have been made as a part of the Authority's *Small Affordable Rental Transactions Program* (the "**SMART Program**") in principal amounts under \$5 million (or in such greater amounts as approved from time to time pursuant to the delegated authority policy of the Authority as approved or amended from time to time by the Board). In addition to long-term rental loans under the SMART Program, the Authority also

makes uninsured rental loans that provide interim financing for acquisition and/or rehabilitation of the acquired property. These loans, referred to as bridge loans, are generally less than two years in term, are secured by a first deed of trust on the real estate, and have full recourse to the borrower during the term of the bridge loan. In the case of for-profit developers, the loans are both full recourse to the borrower and personally guaranteed by the individual principals during the term of the bridge loan. The Authority has also made an uninsured rental loan to a for-profit developer in support of certain single family rental housing facilities at Fort Carson Army Base in Colorado Springs, Colorado.

Uninsured rental loans have also been made by the Authority using funds from amounts in its General Fund designated as the *Housing Opportunity Fund* ("**HOF**") under a program referred to as the "**HOF Program**." Under the HOF Program, the Authority makes fixed interest rate loans to nonprofit and for profit developers in support of rental housing facilities targeted to low income residents. Eligible "low income" residents are defined as persons or families that earn 60% of Area Median Income or less. HOF loan interest rates are set on a sliding scale based on the income levels of the residents served by prospective rental housing facilities. All HOF loans must conform to standard Authority due diligence processes and underwriting criteria and will be secured by either first or second mortgages on real estate (maximum Loan to Value of 90% for loans to for profit developers and 95% for loans to nonprofit developers). Loan terms on HOF loans may range from 20 to 40 years. HOF loans are generally fully amortizing over their term and do not provide for prepayment restrictions or fees. Balloon payments on HOF loans are permitted under certain circumstances.

Under its *Rental Acquisition Program* (the "**RAP Program**"), the Authority acquires and rehabilitates apartment buildings located throughout Colorado for rental to persons and families of low and moderate income. The Authority contracts with private entities to manage such buildings. For certain information concerning the RAP Program and facilities acquired, rehabilitated and operated by the Authority, see footnotes (1) and (4) to the audited 2011 financial statements of the Authority, included as **Appendix A** to this Official Statement. During 2006, the Authority made the decision to sell a majority of the facilities it then owned under the RAP Program. The facilities were offered for sale to local housing authorities where the facilities are located, and, if those parties were not interested in the purchase, the Authority offered such facilities to for-profit and nonprofit corporations interested in the purchase. As of this date, the Authority has completed the sale of all of the facilities owned under the RAP Program. By its sale of these facilities, the Authority has offered valuable assets at a reasonable price to organizations whose mission is the development and preservation of affordable rental housing in Colorado. In all of such sales, the purchasing parties either agreed to maintain the existing number of units with affordability requirements or increase the number of units with affordability requirements. The sale of these properties does not imply that the Authority is discontinuing or closing the RAP program. The Authority intends to seek opportunities to acquire other rental properties in underserved areas within the State of Colorado at such time as such transactions support the goals of the Authority with respect to affordable rental housing in Colorado.

Business Finance Programs. The Authority originates uninsured loans as part of certain of its business loan programs, including the *CHFA Direct Loan Program*, the *Non-Profit Real Estate Loan Program*, the *U.S. Small Business Administration 504 Program* (the "**SBA 504 Program**"), the *CHFA Rural Loan Program*, the *RENEW Program* and the *Business and Industry Loan I* ("**B&I I**") Program, described below. These uninsured business loans must meet certain economic development or job creation/retention objectives under the Act and are made to small and moderate-size Colorado businesses to provide long-term, fixed rate financing for real estate and equipment. The uninsured business loans are secured by a first lien on the assets financed, are made in amounts up to ninety percent (90%) of the lesser of cost or appraised value of the collateral, are fully-amortizing over terms of up to thirty (30) years for real estate loans and seven years for equipment, and generally require guarantees from principals of the

business having a twenty percent or greater ownership interest. A guaranty is also required from the operating company if different from the Borrower.

- Under the CHFA Direct Loan Program, the Authority provides loans to for-profit businesses to acquire, construct and/or rehabilitate and equip commercial, retail or manufacturing facilities.
- Under the Non-Profit Real Estate Loan Program, the Authority provides loans to non-profit organizations to fund real estate acquisition.
- Under the SBA 504 Program, the Authority provides loans to for-profit businesses to finance owner-occupied real estate and/or equipment. The Program provides two structures, a direct loan option (where the Authority originates the first mortgage loan which generally finances 50% of the project costs) and a loan participation option (where the Authority purchases up to a 90% participation in a first mortgage loan). An SBA-approved company provides a second mortgage for up to 40% of the total project costs (or \$1.3 million, whichever is less), with the Borrower providing the remaining 10% of the costs.
- Under the CHFA Rural Loan Program, the Authority provides loans to rural small for-profit businesses to finance real estate and/or equipment.
- Under the RENEW Program, the Authority provides loans to businesses involved in the recycling and waste diversion industries, with funding received from the Colorado Department of Local Affairs.
- Under the B&I I Program, the Authority provides loans to for-profit businesses located in rural areas, which loans are supported by the partial guaranty of the Rural Business-Cooperative Services (which guarantees to date have ranged from 55% to 80% of the loan principal amount).

In connection with its *Special Projects financing program*, the Authority has financed business loans to corporations for certain manufacturing and solid waste disposal facility projects. The Authority has also made an uninsured business loan to a for-profit borrower to finance a project at the United States Air Force Academy in Colorado Springs, Colorado. The Authority also makes loans under its Rural Development Loan Program (the "**RDLP**"), financed through the Intermediary Relending Program offered by the U.S. Department of Agriculture. For the RDLP, the Authority targets Colorado businesses in select rural communities with populations of less than 25,000. Loans can be used to purchase owner-occupied commercial real estate and equipment, and the maximum loan size is \$500,000.

The business loan programs of the Authority also include the SBA 7a, FSA and RD Programs described below. Under these programs, the Authority purchases the guaranteed portion of a business loan (the "**participation interest**"), and is thereby able to provide the borrower with the safety and predictability of a fixed-rate throughout the term of the loan at an attractive interest rate. Additionally, each of these secondary market programs is a source of profit and liquidity for originating lenders.

The *SBA 7a Guaranty Purchase Program ("SBA 7a Program")* is a secondary market program whereby the Authority purchases the guaranteed portion of loans originated by local lenders and guaranteed by the SBA. Typically, the Authority markets the SBA 7a Program to local lenders and potential borrowers and purchases the participation interest (which is 100% guaranteed by the SBA). Proceeds of these participation interests may be used to fund real estate, equipment, machinery and working capital.

The *Farm Service Agency Guaranty Purchase Program ("FSA Program")* is a secondary market program whereby the Authority purchases the guaranteed portion of loans originated by local lenders and guaranteed 100% by the United States Farm Service Agency. The borrowers are involved in the ranching and agricultural industry throughout Colorado. Proceeds of these loans may be used to finance real estate, equipment, and machinery used in farming and ranching operations.

The *Rural Development Guaranty Purchase Program ("RD Program")* creates a secondary market for the purchase of the United States Rural Business Service ("**RBS**") guaranteed portion of qualified loans with funds provided by the Authority. Participating lenders originate loans according to their own credit criteria and RBS requirements. The RD Program provides fixed-rate financing on the guaranteed portion of RBS loans made to borrowers located in a rural community serviced by RBS guaranteed lenders.

Single Family Mortgage Programs

Under its Single Family Mortgage Programs, the Authority may make mortgage loans for single-family residential dwellings directly to individual borrowers or may purchase such mortgage loans from qualified originating Mortgage Lenders. The Authority presently acquires mortgage loans under its *Qualified Single Family Mortgage Program* and its *Non-Qualified Single Family Mortgage Program*. Under its Qualified Single Family Mortgage Program, the Authority may make mortgage loans to Eligible Borrowers meeting certain income limit requirements, for Eligible Property not exceeding certain Purchase Price limits, and subject to certain other restrictions imposed, in some cases, by the Tax Code. The Authority permits Eligible Borrowers under its Non-Qualified Single Family Mortgage Program to meet certain income limits which are somewhat higher than the limits permitted for the Qualified Single Family Mortgage Program. There is also no limit on prior home ownership or limit on the purchase price of a residence which may be acquired with the proceeds of a loan under the Non-Qualified Single Family Mortgage Program, although the Authority does not exceed the Fannie Mae conforming loan limits. Proceeds of a mortgage loan under the Non-Qualified Single Family Mortgage Program may also be used under the Authority's refinancing program to refinance existing Mortgage Loans. In many other respects, the requirements for the Non-Qualified Single Family Mortgage Program are the same as the requirements for the Authority's Qualified Single Family Mortgage Program. The Authority is in the process of revising all of its procedures in order to accommodate a broader range of programs involving the purchase and sale of single family mortgage loans. For certain information regarding the outstanding mortgage loans acquired under the Single Family Mortgage Programs, see footnote (3) to the audited 2011 financial statements of the Authority included in this Official Statement as **Appendix A**.

Obligations of the Authority

The following is a summary of certain obligations incurred by the Authority to provide funds for and otherwise operate the Authority and the programs described in "Programs to Date" under this caption. This summary has been included solely for purposes of providing information to assist a potential investor in evaluating the Authority's financial status. See also footnote (6) to the audited 2011 financial statements of the Authority included in this Official Statement as **Appendix A**.

Commercial Loan Programs

The Authority has financed rental loans with proceeds of its Multi-Family Housing Insured Mortgage Revenue Bonds (outstanding as of April 1, 2012 in an aggregate principal amount of \$76,215,000) and, since 2000, has financed rental and business loans and certain guaranteed participation interests with proceeds of its Multi-Family/Project Bonds (referred to as "**Bonds**" in this Official Statement) under the Master Indenture, which were outstanding as of April 1, 2012 in an aggregate

principal amount of \$782,520,000. This outstanding amount does not include the 2012 Series A Bonds issued in July 2012 in the principal amount of \$10,500,000 and the 2012 Series B Bonds described in this Official Statement. See **Appendix B** for further detail about the Bonds. Certain of the Multi-Family/Project Bonds are secured by the full faith and credit of the Authority, as described in "General Obligations – Multi-Family/Project Bonds" under this caption.

Bonds secured by a pledge of loan revenues as well as bonds secured by loan revenues and the general obligation of the Authority have also been privately placed to institutional purchasers by the Authority in order to finance rental loans. See "General Obligations – Privately Placed Bonds" under this caption. Projects in the RAP Program have been acquired using a combination of revenue bonds, the Authority's general fund monies, proceeds of general obligation bonds and non-recourse seller carryback financing. See footnote (6) of the audited 2011 financial statements of the Authority included in **Appendix A** for more information regarding these outstanding bonds and notes. The Authority has also acted as a conduit issuer of bonds supported by letters of credit or other credit facilities. These conduit bonds are payable only with amounts received from the conduit borrower, and are therefore not reported as obligations of the Authority on its financial statements. See footnote (7) of the audited 2011 financial statements of the Authority, included as **Appendix A** to this Official Statement.

Business loans and participation interests have also been financed by the Authority with the proceeds of the general obligation bonds described in "General Obligations – General Obligation Bonds" and privately placed bonds, secured by loan and participation revenues as well as the full faith and credit of the Authority. See "General Obligations – Privately Placed Bonds" under this caption. In connection with its Special Projects financing program, the Authority has acted as a conduit issuer in the issuance of its industrial development revenue bonds to finance certain manufacturing facilities and solid waste disposal facility projects for corporations. These bonds are payable only with amounts received from the conduit borrower and are therefore not reported as obligations of the Authority on its financial statements.

Single Family Mortgage Programs

In connection with its Single Family Mortgage Programs, the Authority has issued its Single Family Mortgage Bonds under a master indenture, payable from the revenues of mortgage loans held under the master indenture, outstanding as of April 1, 2012 in the aggregate principal amount of \$1,594,340,000. In addition, prior to 2000, the Authority issued numerous series of its Single Family Program Bonds as senior and subordinate bonds under separate indentures of trust, payable from the revenues of pledged mortgage loans pledged under such respective indentures, which bonds were outstanding as of April 1, 2012 in the aggregate principal amount of \$37,319,102. Among these outstanding bonds are Class III Single Family Mortgage Bonds outstanding under the master indenture and subordinate bonds issued by the Authority as part of the outstanding Single Family Program Bonds under separate indentures which are general obligations of the Authority, as described in "General Obligations – Single Family Bonds – Class III Bonds and Subordinate Bonds" under this caption.

For more detailed information concerning the outstanding bonds of the Authority issued in connection with its Single Family Mortgage Programs, see www.chfainfo.com and footnote (6) of the audited 2011 financial statements of the Authority attached in **Appendix A**. The Authority has also issued general obligation bonds through private placement in order to finance single family mortgage loans. See "General Obligations – Privately Placed Bonds" under this caption.

The Authority previously issued its 2009AA Program Bonds, under a Master Indenture dated as of December 1, 2009 (the "**NIBP Master Indenture**"), payable from amounts on deposit in an escrow fund until converted and thereafter payable from the revenues of mortgage loans and mortgage-backed securities held thereunder. In May, 2011, the Authority converted \$58,800,000 aggregate principal

amount of its 2009AA Program Bonds and issued its Single Family Program Class I Bonds, Series 2011AA (Mortgage-Backed Securities Program) in the aggregate principal amount of \$39,200,000 under the NIBP Master Indenture, the proceeds of which were used to finance Mortgage Loans through the purchase of mortgage-backed securities guaranteed by Ginnie Mae ("**Ginnie Mae Certificates**"). The bonds secured by Ginnie Mae Certificates under the NIBP Master Indenture were outstanding as of April 1, 2012 in the aggregate principal amount of \$96,415,000. In March 2012, \$106,325,000 aggregate principal amount of 2009AA Program Bonds under the NIBP Master Indenture which remained unconverted as of December 31, 2011 were redeemed with escrowed amounts. Bonds secured by escrowed amounts in the aggregate principal amount of \$110,085,000 remained outstanding under the NIBP Master Indenture as of April 1, 2012.

The Authority's financing activities in connection with the Single Family Mortgage Programs also include the sale of certain single family mortgage loans to Fannie Mae and the issuance and sale of Ginnie Mae Certificates in order to finance first mortgage loans as part of the Non-Qualified Single Family Mortgage Programs.

For more detailed information concerning the outstanding bonds of the Authority issued in connection with its Single Family Mortgage Programs, see footnote (6) of the audited 2011 financial statements of the Authority, included as **Appendix A** to this Official Statement. The Authority has also issued general obligation bonds through private placement in order to finance single family mortgage loans. See "General Obligations – Privately Placed Bonds" under this caption.

Except for bonds specifically identified in Appendix B as Bonds under the Master Indenture, the revenue bonds described above and at the Authority's website are secured separately from and are not on parity with the Bonds and are issued and secured under resolutions or indentures of the Authority other than the Master Indenture.

General Obligations

Many of the bonds and notes issued by the Authority to finance its programs are secured by a pledge of specific revenues, with an additional pledge of its full faith and credit, as described under this caption. Other obligations of the Authority entered in connection with its programs or its operations are not secured by specific revenues or assets other than the Authority's full faith and credit. The bonds, notes and other obligations which are general obligations of the Authority are described below.

Multi-Family/Project Bonds. The Authority has issued Class I Bonds (outstanding as of April 1, 2012 in an aggregate principal amount of \$261,765,000) in order to finance business loans which Class I Bonds are payable not only from a senior lien on loan revenues but also as general obligations of the Authority. The Authority has also issued Class II Bonds (outstanding as of April 1, 2012 in the aggregate principal amount of \$21,820,000) and Class III Bonds (outstanding as of April 1, 2012 in an aggregate principal amount of \$1,665,000) in order to finance certain rental and business loans. These Class II Bonds and Class III Bonds are payable from loan revenues on a subordinate lien basis to the Class I Bonds and also as general obligations of the Authority. See **Appendix B** for more information about these Bonds.

Single Family Bonds – Class III Bonds and Subordinate Bonds. The Authority has issued Class III Single Family Mortgage Bonds, the proceeds of which have been used to finance mortgage loans for the Single Family Mortgage Programs. These Class III Bonds, outstanding in the aggregate principal amount of \$53,480,000 as of April 1, 2012, are payable from mortgage loan revenues under the Master Indenture and are also general obligations of the Authority. The Subordinate Bonds for the various series of the Authority's Single-Family Program Senior and Subordinate Bonds are payable from mortgage loan

revenues on a subordinate lien basis and are also general obligations of the Authority. The aggregate principal amount of such Subordinate Bonds as of April 1, 2012 was \$210,000.

Privately Placed Bonds. The Authority has issued general obligation bonds through private placement in order to finance rental loans. As of April 1, 2012, such privately placed bonds were outstanding in an aggregate principal amount of \$21,377,000. The Authority has also funded participation interests and business loans using proceeds of its privately placed bonds, outstanding as of April 1, 2012 in the aggregate principal amount of \$17,362,255. In addition, the Authority has issued general obligation bonds through private placement in order to finance single family mortgage loans. As of April 1, 2012, such privately placed bonds were outstanding in an aggregate principal amount of \$24,483,001.

Loans Backed by Authority General Obligation. The Authority has acquired or originated certain uninsured rental and business loans using proceeds of, and pledged to the repayment of, the Bonds, outstanding as of April 1, 2012 in the aggregate principal amount of \$313,398,742. See **Appendix G-2**. The Authority has pledged its full faith and credit to the payment of a substantial portion of such loans to the extent necessary to prevent a default on the Bonds. The Authority has also assumed as a general obligation 50% risk of loss in the mortgage loans acquired by the Authority and insured by the FHA under Section 542(c) of the Housing and Community Development Act of 1992, as amended. As of April 1, 2012, such 542(c) mortgage loans were outstanding in the amount of \$230,234,926 (\$32,743,152 held under the General Resolution and securing the Multifamily Housing Insured Mortgage Revenue Bonds and \$197,491,774 held under the Master Indenture and securing the Bonds). The 2012B Loan will also be a Section 542(c) mortgage loan. In the case of a §542(c) claim, the Authority is responsible, as a general obligation, to reimburse FHA for 50% of any loss incurred by the FHA as a result of and after the final settlement of such claim. The Trust Estate securing the Bonds is not pledged or obligated to the payment of such reimbursement to FHA. See "Programs to Date – Commercial Loan Programs – Rental Finance Programs" under this caption. To date, the Authority has incurred risk-sharing losses of approximately \$11.8 million following the defaults on insured mortgage loans for certain projects, the foreclosure and sale of those projects and the settlement of the respective final insurance claims with FHA. In addition, the mortgage loans for the Platte Valley Village II project in the approximate aggregate principal amount of \$1.781 million, for the Fox Run Apartments project in the approximate aggregate principal amount of \$3.455 million and for the Gold Camp Apartments project in the approximate aggregate principal amount of \$1.195 million have also defaulted. The Authority has filed insurance claims and received insurance proceeds from HUD with respect to these loans. It is likely that the Authority will incur a risk-sharing liability with respect to these loans, for which the Authority believes it is adequately reserved.

Derivative Products; Interest Rate Contracts. The Authority has pledged its full faith and credit to secure its obligation to make termination payments under the Derivative Products relating to the Bonds under the Single Family Master Indenture and under the interest rate contracts relating to the Single Family Mortgage Bonds under the related master indenture. See **Appendix B** – "OUTSTANDING MASTER INDENTURE OBLIGATIONS – Outstanding Derivative Products." See also "Authority Policy Regarding Swaps" under this caption and footnote (8) to the audited 2011 financial statements of the Authority included in this Official Statement as **Appendix A**.

Other Borrowings. The Authority has entered into agreements with the Federal Home Loan Bank of Topeka and a commercial bank for borrowings from time to time. Such borrowings are also general obligations of the Authority and have generally been used to date to make or purchase loans pending the permanent financing of such loans. As of April 1, 2012, borrowings in the aggregate principal amount of \$47,050,000 were outstanding under those agreements. See footnote (5) to the audited 2011 financial statements of the Authority included in this Official Statement as **Appendix A**. The Authority has also

borrowed amounts evidenced by Rural Business Cooperative Service Notes (outstanding as of April 1, 2012 in the aggregate principal amount of \$1,800,370), which have been used to finance project or working capital loans or participations therein for small businesses in rural areas. The Authority has pledged its full faith and credit to the payment of such notes.

General Obligation Ratings. Moody's has assigned an "A2" rating and S&P has assigned an "A" rating, both with stable outlook, to the Authority's ability to repay its general obligation liabilities. The ratings have been assigned based on the Authority's management, financial performance and overall program performance. There is no assurance that any such rating will continue for any given period of time or that any such rating will not be revised downward or withdrawn entirely by Moody's or S&P, respectively, if, in the judgment of the issuing rating agency, circumstances so warrant.

Summary of Certain Authority Obligations

The following is a table which lists certain obligations of the Authority and sets forth the respective outstanding amount for such obligations as of April 1, 2012. Further detail regarding these items is provided under the other subcaptions of "Obligations of the Authority."

Summary of Certain Authority Obligations as of April 1, 2012

<u>Certain Authority Obligations</u>	<u>Outstanding Amount (April 1, 2012)</u>
Multi-Family Housing Insured Mortgage Revenue Bonds (General Resolution)	\$76,215,000
Multi-Family/Project Bonds (Master Indenture) ⁽¹⁾	782,520,000
Single Family Mortgage Bonds (2001 Master Indenture)	1,594,340,000
Single Family Program Senior/Subordinate Bonds (Separate Indentures)	37,319,102
Single Family Bonds (NIBP Master Indenture):	
MBS-secured	95,605,000
Escrow-secured	110,085,000
Privately Placed Bonds:	
Rental Finance	21,377,000
Business Finance	17,362,255
Single Family	24,483,001

⁽¹⁾ These are the Bonds issued and outstanding under the Master Indenture. See **Appendix B** for more information about the Bonds. This outstanding amount does not include the 2012 Series A Bonds issued in July 2012 in the principal amount of \$10,500,000 or the 2012 Series B Bonds described in this Official Statement, which constitute Bonds under the Master Indenture.

The following table identifies the specific components of the Authority Obligations listed on the preceding table which are general obligations of the Authority as well as other general obligations of the Authority as of April 1, 2012. Further detail regarding these items is provided under the other subcaptions of "Obligations of the Authority."

General Obligations of the Authority as of April 1, 2012

General Obligations	Outstanding Amount (April 1, 2012)
Multi-Family/Project Bonds:	
Class I	\$261,765,000
Class II	21,820,000
Class III	1,665,000
Single Family Mortgage Bonds, Class III	53,480,000
Single-Family Program Subordinate Bonds	210,000
Privately Placed Bonds:	
Rental Finance	21,377,000
Business Finance	17,362,255
Single Family	24,483,001
Other Borrowings:	
Lines of Credit	47,050,000
Rural Business Cooperative Service Notes	1,800,370

SECURITY FOR THE OBLIGATIONS

Pledge of Trust Estate

All Obligations (which may be Bonds or Derivative Products) outstanding under the Master Indenture are secured by and payable from revenues, assets and moneys pledged for the payment thereof under the Master Indenture (the "**Trust Estate**"). The pledge and lien of the Master Indenture on the Trust Estate is created and established in the following order of priority: first, to secure the payment of the principal of and interest on the Class I Obligations; second, to secure the payment of the principal of and interest on the Class II Obligations; third, to secure the payment of the principal and interest on the Class III Obligations; and fourth, to secure the payment of principal of and interest on the Class IV Obligations. Obligations may also be designated as General Obligations of the Authority. For a description of the Obligations presently outstanding under the Master Indenture, see **Appendix B – "OUTSTANDING MASTER INDENTURE OBLIGATIONS."** *Notes and bonds heretofore or hereafter issued to provide funds for programs of the Authority (other than the Obligations under the Master Indenture) are and will be authorized and secured by resolutions and indentures of the Authority other than the Master Indenture, are not and will not be secured by the pledge of the Master Indenture and do not and will not rank on a parity with the Bonds. See "Part II – COLORADO HOUSING AND FINANCE AUTHORITY – Programs to Date."*

Under the Master Indenture, the Trust Estate pledged to secure the Obligations includes:

- (i) the proceeds of Bonds issued under the Master Indenture;
- (ii) the Revenues (as described in "Revenues" under this caption) and all moneys and securities in the Funds and Accounts from time to time held by the Trustee under the terms of the Master Indenture (except moneys and securities in the Rebate Fund, the Excess Earnings Fund and a Bond Purchase Fund) and investments, if any, thereof (other than the Rebate Requirement which is to be deposited in the Rebate Fund and any Excess Earnings which are to be deposited in the Excess Earnings Fund);
- (iii) the rights and interests of the Authority in the Loans and the Financing Documents (except for certain rights and interest expressly retained by the Authority therein) described in "The Loans and Authority Projects" under this caption;
- (iv) the proceeds of mortgage insurance, guaranty benefits and other security related to Loans received by the Authority; and
- (v) all right, title and interest of the Authority in any Credit Enhancement Facility, Liquidity Facility, Derivative Product and Reciprocal Payments.

In no event shall the 2012 Series B Bonds constitute an obligation or liability of the State or any political subdivision thereof (except the Authority). The Authority has no taxing power nor does it have the power to pledge the general credit or the taxing power of the State or any political subdivision thereof (other than the general credit of the Authority, which general credit is not pledged for the payment of the Bonds except in the case of Bonds specifically designated as general obligations of the Authority).

Revenues

Under the Master Indenture, "**Revenues**" means (a) all Loan Repayments, Prepayments and, except insofar as such payments may constitute Servicing Fees, any penalty payments on account of overdue Loan Repayments, (b) payments to be made by the Authority for deposit to the Revenue Fund with respect to Authority Projects in accordance with the most recently filed Cash Flow Statement, (c) Investment Revenues, and (d) all other payments and receipts received by the Authority with respect to Loans. "Revenues" does not include (i) Servicing Fees, unless such fees are specifically pledged to the Trustee, or (ii) any commitment, reservation, extension, or application fees charged by the Authority in connection with a Loan, or (iii) accrued interest received in connection with the purchase of any Investment Securities, or (iv) amounts collected with respect to Loans representing housing assistance payments under any applicable agreement with the U.S. Department of Housing and Urban Development.

Pursuant to the Master Indenture, all Revenues related to each Series of Bonds, in addition to other amounts, are to be deposited into the subaccount of the Revenue Fund related to such Series of Bonds. On the last business day prior to each Bond Payment Date, the Trustee is required to make certain transfers of amounts from each Series subaccount of the Revenue Fund, to the extent moneys are available, to various Funds and Accounts in a certain priority, as provided in the Master Indenture. See **Appendix C** – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Allocation of Moneys in the Revenue Fund." Among these transfers, the Trustee is to deposit into: (i) the related Series Subaccount of the related Class Special Redemption Account, the Loan Recycling Account (at the election of the Authority), or any combination of the two, the amount needed, if any, to ensure that the Class Asset Requirement for the related Series of Bonds will be met on such Bond Payment Date; and

(ii) each Series subaccount of the Related Class Special Redemption Account not related to such Series of Bonds, on a proportionate basis with all such unrelated subaccounts, the amount of any deficiency resulting from the lack of moneys sufficient to make the deposit described in (i).

The Class Asset Requirements applicable to each Series of Bonds are set forth in each Related Series Indenture. See **Appendix D** – "CLASS ASSET REQUIREMENTS."

The Loans and Authority Projects

Master Indenture Requirements

The Trust Estate pledged under the Master Indenture to secure Obligations issued thereunder includes the rights and interests of the Authority in the Loans and the Financing Documents (except for certain rights and interests expressly retained by the Authority therein), and in the Authority Projects. Under the Master Indenture, "**Loan**" means a loan of money, including advances, in the form of a construction loan, a permanent loan or a combined construction and permanent loan made by the Authority to a Borrower with the proceeds of Bonds or obligations refunded by Bonds or with Prepayments for the financing of a portion of the costs of a Housing Facility or Project, which Loan is evidenced by a Note pursuant to a Loan Agreement. "**Housing Facility**" means a facility designed and financed for the primary purpose of providing dwelling accommodations in accordance with the Act. "**Project**" means a work or improvement located in the State designed to provide facilities for manufacturing, warehousing, commercial, recreational, hotel, office, research and development or other business purpose (not including a Housing Facility). "**Financing Documents**" include, with respect to any Loan, the Loan Agreement, the Note, the Mortgage and any insurance guaranties and other security for the repayment of the Loan. The Authority is permitted by the Master Indenture to apply the proceeds of Obligations issued under the Master Indenture to make or purchase (as Loans) mortgage loans which are insured or guaranteed by an agency or instrumentality of the United States under an insurance program such as the programs described in **Appendix H** – "FEDERAL INSURANCE PROGRAMS." The Authority is also permitted by the Master Indenture to apply the proceeds of Obligations issued under the Master Indenture to make or purchase (as Loans) uninsured mortgage loans made for housing facilities which are secured only by a mortgage on the related housing facilities or made for certain commercial Projects (as defined above). The Authority is also permitted by the Master Indenture to apply proceeds to Bonds for the financing of a portion of the costs of an Authority Project. An "**Authority Project**" means a housing facility or other asset intended to be owned and operated by the Authority, or the financing and refinancing of designated expenditures and/or obligations of the Authority, or any combination thereof.

Outstanding Loans, Authority Projects and Fund Balances

For information concerning the Outstanding Loans, Authority Projects and Fund balances securing the Obligations issued now and hereafter under the Master Indenture, see **Appendix G-2**.

Debt Service Reserve Fund

Each Series Indenture establishes a subaccount of the Debt Service Reserve Fund for the related Series of Bonds. The Debt Service Reserve Fund Requirement for each Series of Bonds is established by the Related Series Indenture. See generally "Part I – CERTAIN PROGRAM ASSUMPTIONS – Debt Service Reserve Fund." The Debt Service Reserve Fund Requirement for any Series of Bonds is based on the maximum principal and interest due for a particular period on Loans related to a Series of Bonds and does not directly relate to the aggregate principal amount of such Bonds outstanding.

Amounts in the Debt Service Reserve Fund are to be transferred to the Debt Service Fund and applied by the Trustee to the payment of principal and interest on the Bonds issued under the Master Indenture, in order of Class, in the event that amounts on deposit in the Debt Service Fund for the Related Class are insufficient to make such payments on any Bond Payment Date. When making such payments, the Trustee is to transfer amounts first from the Series subaccount of the Debt Service Reserve Fund related to the Bonds for which the payment will be made and, second, from any unrelated Series subaccounts.

For further information with respect to the Debt Service Reserve Fund, see **Appendix C** – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Debt Service Reserve Fund."

Liquidity Facilities

Pursuant to the respective Series Indenture, the Authority has entered into, and expects in the future to enter into, Liquidity Facilities in connection with Adjustable Rate Bonds issued under the Master Indenture. See **Appendix B** – "OUTSTANDING MASTER INDENTURE OBLIGATIONS – Outstanding Liquidity Facilities" for a description of the outstanding Liquidity Facilities under the Master Indenture. **There will be no Liquidity Facility entered into in connection with the 2012 Series B Bonds.** The Authority may elect to replace any Liquidity Facility with an Alternate Liquidity Facility. The Authority shall promptly notify the Trustee, the Remarketing Agent with respect to the applicable series of the Adjustable Rate Bonds and the Paying Agent of the Authority's intention to deliver an Alternate Liquidity Facility at least 45 days prior to such delivery. Upon receipt of such notice, if the Alternate Liquidity Facility is to be provided by an entity other than the provider of the then current Liquidity Facility, the Trustee will promptly mail a notice of the anticipated delivery of an Alternate Liquidity Facility, including the name of the provider of such Alternate Liquidity Facility, by first-class mail (or transmitted in such other manner as may be customary for the industry as directed in writing by the Authority) to the related Remarketing Agent, and to each Owner of the Adjustable Rate Bonds at such Owner's registered address, at least 30 days prior to delivery of the Alternate Liquidity Facility.

Any Alternate Liquidity Facility must be an irrevocable letter of credit and related reimbursement agreement, line of credit, standby bond purchase agreement or similar agreement, providing for direct payments to or upon the order of the Paying Agent of amounts up to the principal of the Adjustable Rate Bonds when due upon purchase pursuant to a tender and the interest portion of the purchase price of the Adjustable Rate Bonds consisting of accrued interest for the number of days required by each Rating Agency then rating the Adjustable Rate Bonds in order to ensure that the rating of the Adjustable Rate Bonds will not be adversely affected, as evidenced in writing from each such Rating Agency to the Trustee, at the Maximum Rate as defined in each Series Indenture.

An Alternate Liquidity Facility (along with the requisite favorable opinions of counsel) must be delivered to the Trustee at least five business days prior to the time notice of mandatory tender must be sent to Owners of the Adjustable Rate Bonds.

Derivative Products

In connection with the issuance of certain Adjustable Rate Bonds, the Authority has entered, and expects in the future to enter, into interest rate swap agreements (the "**Derivative Products**") with a counterparty with respect to such Adjustable Rate Bonds. See "Part II – COLORADO HOUSING AND FINANCE AUTHORITY – Obligations of the Authority – General Obligations – Derivative Products; Interest Rate Contracts," "Part II – CERTAIN BONDOWNERS' RISKS – Risks Related to Derivative Products" and **Appendix B** – "OUTSTANDING MASTER INDENTURE OBLIGATIONS – Outstanding Derivative Products." **There will be no Derivative Product entered into in connection**

with the 2012 Series B Bonds. Any payments or receipts received by the Authority under the Derivative Products will be pledged as Revenues, as described in **Appendix C** – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Derivative Products." The Authority's obligation to make regular interest payments to the Counterparty under each of the Derivative Products has constituted, and is expected in the future to constitute, a Class I Obligation under the Master Indenture, secured on parity with the lien on the Trust Estate of the other Class I Obligations, other than as indicated in **Appendix B**. The Authority's obligation to make termination payments under each of the Derivative Products in the event of early termination, and in the future is expected to be, a general obligation of the Authority and not an Obligation under the Master Indenture. See "Part II – CERTAIN BONDOWNERS' RISKS – Risks Related to Derivative Products" and "Part II – COLORADO HOUSING AND FINANCE AUTHORITY – Obligations of the Authority – General Obligations."

Issuance of Additional Bonds

The Master Indenture permits the Authority to issue additional Bonds thereunder from time to time, without limitation as to amount, secured on an equal lien with the outstanding Bonds of the respective class, upon delivery of a Cash Flow Statement and satisfaction of certain other conditions. The Authority may not issue additional Bonds if such issuance would result in a lowering, suspension or withdrawal of the ratings then applicable to any Bonds issued under the Master Indenture. See **Appendix C** – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Issuance of Additional Bonds" and "– Issuance of Refunding Bonds." The Authority expects to issue additional Bonds in the future under the Master Indenture. See "Pledge of Trust Estate" under this caption. For a description of the Bonds presently outstanding under the Master Indenture, see **Appendix B** – "OUTSTANDING MASTER INDENTURE OBLIGATIONS – Outstanding Bonds."

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CERTAIN BONDOWNERS' RISKS

Limited Security

The Bonds are special limited obligations of the Authority payable by Class priority and solely from the Trust Estate (except in the case of Bonds which have been specifically designated as general obligations of the Authority). See "Part II – SECURITY FOR THE OBLIGATIONS – Pledge of Trust Estate." There is no assurance that the Loans in or expected to be in the Trust Estate will perform in accordance with the assumptions made and that Revenues will be sufficient to pay debt service on the Bonds when due. See **Appendix C** – "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Revenue Fund." Additional Obligations may be issued by the Authority under the Master Indenture on a parity with each Class of Bonds outstanding, upon satisfaction of certain conditions set forth in the Master Indenture.

Origination of New Loans

There are numerous reasons why the entire amount deposited to the subaccount of the Acquisition Account of the Program Fund for a particular Series of Bonds might not be used to originate new Loans as expected and within the required timeframes. Proceeds of a Series of Bonds and exchanged amounts relating thereto in the related subaccount of the Acquisition Account which have not been used to make new Loans or finance new Authority Projects must be used to redeem Bonds of such Series at par as set forth in Part I.

Considerations Regarding Redemption

Generally

A significant portion of the outstanding Loans are now subject to voluntary prepayment by the respective Borrowers at any time and, additionally, numerous loans will become subject to voluntary prepayment by the Borrowers prior to the optional redemption date, although voluntary prepayment of the 2012B Loan will not be permitted until ten (10) years following the Closing, as described in "Part I – CERTAIN PROGRAM ASSUMPTIONS – The 2012B Loan – Prepayment Lock-Out." Voluntary prepayments may result from a refinancing provided by any source, including the Authority. Involuntary prepayments may also be made on the Loans as a result of damage or destruction of the housing facilities, or acceleration or sale of a Loan in the event of a Borrower default. Any Loan or Authority Project is also subject without restriction to voluntary sale, assignment or other disposition.

PURSUANT TO THE SPECIAL REDEMPTION PROVISIONS OF THE INDENTURE, EXCEPT AS OTHERWISE PROVIDED IN THE RELATED SERIES INDENTURE, THE BONDS MAY BE REDEEMED PRIOR TO THEIR STATED MATURITY FROM ANY MONEYS AND/OR INVESTMENT SECURITIES ON DEPOSIT IN THE RESPECTIVE ACCOUNTS OF THE REDEMPTION FUND, INCLUDING UNEXPENDED BOND PROCEEDS, EXCESS REVENUES FROM REGULAR LOAN PAYMENTS, VOLUNTARY OR INVOLUNTARY PREPAYMENTS AND AMOUNTS DEPOSITED AS A RESULT OF ANY OTHER EVENT AS DESCRIBED HEREIN. ONLY THE PREPAYMENTS DESCRIBED IN "PART I – TERMS OF THE 2012 SERIES B BONDS – PRIOR REDEMPTION" MAY BE USED TO REDEEM THE 2012 SERIES B BONDS UNDER THE SPECIAL REDEMPTION PROVISIONS OF THE 2012 SERIES B INDENTURE. THE TIME OR RATE OF SUCH PREPAYMENTS OR DEPOSITS CANNOT BE PREDICTED. **However, it is assumed that a substantial portion of each Series of Bonds subject to such special redemption under the Indenture will be redeemed prior to their respective stated maturities at a redemption price**

equal to the principal amount of such Series of Bonds to be redeemed, without premium (except in limited circumstances). The 2012 Series B Bonds are subject to redemption as described in "Part I – TERMS OF THE 2012 SERIES B BONDS – Prior Redemption" of this Official Statement.

Loan Insurance Redemption Considerations

Disbursement of the 2012B Loan proceeds from the Restricted Loan Subaccount during the Construction Phase and Conversion of the 2012B Loan to a permanent 2012B Loan each require endorsement by the FHA for Risk-Share Insurance. The Authority must, in accordance with HUD regulations, submit a closing docket with required documentation, including certain representations and certificates, to the FHA for approval. The FHA will provide such endorsement only after review of the closing docket and other materials and its determination that all required documentation has been submitted. If for some reason such endorsement during the Construction Phase is not provided, amounts in the Restricted Loan Subaccount and the Revenue Fund will be used to redeem the 2012 Series B Bonds as described in "Part I – TERMS OF THE 2012 SERIES B BONDS – Prior Redemption – Special Redemption – Unexpended Proceeds." If the Project is not completed or the closing docket does not otherwise comply with the FHA's requirements for endorsement, the 2012B Loan will not be endorsed by HUD as a permanent loan for Risk-Share Insurance and Conversion will not occur. If a Conversion does not occur by a date which is 24 months following the Closing, or if the 2012B Borrower does not make deposits to the Revenue Fund to pay interest on the 2012B Loan at the times and in the amounts required by the Loan Agreement as described in "Part I – CERTAIN PROGRAM ASSUMPTIONS – The 2012B Loan – The Loan Agreement," the Authority may submit an insurance claim based on the insured disbursements under the 2012B Loan and the 2012 Series B Bonds will become subject to redemption using such insurance proceeds and any amounts remaining in the Restricted Loan Subaccount and the Revenue Fund as described in "Part I – TERMS OF THE 2012 SERIES B BONDS – Prior Redemption." See also **Appendix G-1** – "CERTAIN INFORMATION REGARDING THE 2012B LOAN AND THE PROJECT."

Tax Exempt Status of Tax-Exempt Bonds

The opinion to be delivered by Bond Counsel concurrently with delivery of any tax-exempt Bonds as described in "Part I – TAX MATTERS" will assume compliance by the Authority and the 2012B Borrower with certain requirements of the Tax Code that must be met subsequent to the issuance of such Bonds. The Authority and the 2012B Borrower will certify, represent and covenant to comply with such requirements. Failure to comply with such requirements could cause the interest on the tax-exempt Bonds to be included in gross income, or could otherwise adversely affect such opinions, retroactive to the date of issuance of such Bonds. Furthermore, the opinion of Bond Counsel is rendered as of the date of delivery of the particular Series of Bonds and speaks only to laws in effect as of such date. Amendments to federal and state tax laws are proposed from time to time and could be enacted in the future. There can be no assurance that any such future amendments will not adversely affect the value of such Series of Bonds, the exclusion of interest on the tax-exempt Bonds from gross income, alternative minimum taxable income, state taxable income, or any combination from the date of issuance of the particular Series of Bonds or any other date, or that such changes will not result in other adverse federal or state tax consequences.

Conditions to Payment of FHA Insurance

The failure to maintain adequate casualty insurance on any Housing Facility insured under an FHA program may result in the loss of FHA mortgage insurance benefits in the event of damage to or destruction of such Project. FHA mortgage insurance benefits may also be impaired as a result of the failure to pay required mortgage insurance premiums to the FHA and failure of the mortgagee to provide

the FHA on a timely basis with required notice. As described in **Appendix H** – "FEDERAL INSURANCE PROGRAMS," the mortgagee is responsible for servicing the Loans and the maintenance of the FHA mortgage insurance in connection with insured Loans under the Multi-Family Housing Facility Loan Program. See "Part II – COLORADO HOUSING AND FINANCE AUTHORITY – Programs to Date."

Risks Related to Derivative Products

Each of the Derivative Products exposes the Authority to certain risks including, but not limited to, the risk that payments received by the Authority from the applicable Counterparty could be substantially less than the floating rate interest payments due on the related Series of Bonds. Pursuant to each of the Derivative Products, the Authority will pay interest to the Counterparty at a fixed rate and will receive interest from the Counterparty at a variable rate which will be based on a LIBOR or SIFMA Index. To the extent Counterparty payments are based on a LIBOR or SIFMA Index, the amount of actual interest payments due on the respective Adjustable Rate Bonds may differ from the amount of such interest payments to be made by the Counterparty and the Trust Estate may not be sufficient to pay interest as due.

The payment obligations of the Authority under the Derivative Products do not remove the obligations of the Authority to pay interest on the related Series of Bonds from the Trust Estate. A negative change to the financial position of any of the Counterparties (including bankruptcy or insolvency) at any time may negatively impact payments to the Authority pursuant to the applicable Interest Rate Contract to an extent that cannot be determined. In addition, each Interest Rate Contract is subject to termination upon the occurrence of certain events, and no assurance can be given that the Derivative Products, or any of them, will continue to be in effect. None of the Derivative Products provide a source of credit or security for the Bonds. The Owners of the Bonds do not have any rights under any Interest Rate Contract or against any Counterparty. See "Part II – SECURITY FOR THE OBLIGATIONS – Derivative Products" and **Appendix B** – "OUTSTANDING MASTER INDENTURE OBLIGATIONS – Outstanding Derivative Products." See also footnote (8) to the audited 2011 financial statements of the Authority for a description of certain further risks associated with the Derivative Products.

Risks Related to Liquidity Providers and Liquidity Facilities

Creditworthiness of the Liquidity Providers

The short-term credit ratings of the Adjustable Rate Bonds under the Master Indenture are based on the issuance of the respective Liquidity Facilities relating to such Adjustable Rate Bonds. Such ratings are based solely on the general credit of the respective Liquidity Provider. Any downgrade in the ratings of the related Liquidity Provider may impact the interest rate of the related Adjustable Rate Bonds.

Each Liquidity Facility provides the Trustee with the liquidity support necessary to purchase the applicable Adjustable Rate Bonds deemed tendered for purchase as described in the related Series Indenture. If remarketing proceeds are not sufficient to provide funds sufficient to pay the purchase price of tendered Adjustable Rate Bonds, the Trustee is required to draw funds under the applicable Liquidity Facility. The ability of the respective Liquidity Provider to honor such drawings may be adversely affected by its financial condition at the time of such draws. No assurance is given as to the current or future financial condition of any Liquidity Provider or the financial condition of any entity with which any Liquidity Provider may merge or by which it may be acquired. For more information about the Liquidity Providers and Outstanding Liquidity Facilities, see **Appendix B** – "OUTSTANDING MASTER INDENTURE OBLIGATIONS – Outstanding Liquidity Facilities." If a Liquidity Provider becomes

insolvent or otherwise becomes a debtor in bankruptcy, timely payment of the purchase price of related Adjustable Rate Bonds subject to tender for purchase might depend entirely on the sufficiency of the Trust Estate to pay such amounts.

Inability to Obtain Substitute Liquidity Facility

Each Liquidity Facility expires on a particular date which is much earlier than the maturity dates of the related Adjustable Rate Bonds. See **Appendix B**. No assurances can be given that the Authority will be able to extend any of the Liquidity Facilities or obtain a Substitute Liquidity Facility with respect to any series of Adjustable Rate Bonds upon the terms required by the respective Series Indenture until and including the final maturity dates of such Adjustable Rate Bonds or until the interest rate on such Adjustable Rate Bonds is converted to a Fixed Rate. Failure to extend a Liquidity Facility or obtain a Substitute Liquidity Facility will result in a mandatory purchase of the related Adjustable Rate Bonds prior to maturity at a price of par. The mandatory purchase of such Adjustable Rate Bonds on such a mandatory bond purchase date may not be waived. As a result, related Adjustable Rate Bonds subject to such mandatory purchase will become Bank Bonds under the Master Indenture. See "Interest Costs Associated with Bank Bonds" under this caption.

Increased Costs Associated with Bank Bonds

Pursuant to the Liquidity Facilities, certain unpaid fees will bear interest at the "Default Rate" and Bank Bonds will bear interest at a rate as set forth in the related Liquidity Facilities. Those interest rates can be substantially higher than the variable rate that otherwise would apply to the calculation of interest on the Adjustable Rate Bonds; any increase in those interest rates increases the amount of interest payable by the Trust Estate under the Master Indenture and may affect its sufficiency to pay the Bonds. These outstanding Bank Bonds bear interest at rates substantially higher than the variable rate that would otherwise apply and, in connection with several Series, principal and interest on such Bank Bonds will be payable under the accelerated amortization provisions of the related Liquidity Facility. Payments of interest and regularly scheduled principal, as such principal may be redeemed prior to regularly scheduled payment dates, on such Bank Bonds are on parity with the lien of the related Adjustable Rate Bonds which have been purchased. Principal payments due on the Bank Bonds following any acceleration by the Liquidity Facility Provider will be Class III Obligations and constitute general obligations of the Authority. See "Inability to Obtain Substitute Liquidity Facility" under this caption.

Expiration of HAP Contracts

A portion of the insured and uninsured rental loans pledged to secure Obligations under the Master Indenture are secured in part by housing assistance payments ("**HAP**") contracts with terms expiring prior to expiration of the related insured and uninsured rental loan. Generally, these HAP contracts are renewals of previous HAP contracts, in some cases after "mark-to-market" mortgage restructurings, pursuant to the Multifamily Assisted Housing Reform and Affordability Act of 1997, as amended. The insured and uninsured rental loans typically require borrowers to renew the respective HAP contract for the longer of the minimum period that the related project is subject to low-income occupancy and rent restrictions under the CHFA Regulatory Agreement (15 or 20 years) or the period the insured or uninsured rental loan is outstanding. There is no assurance that such renewals will be provided by HUD, as they are subject, among other things, to the availability of Congressional appropriations. The failure or inability to renew the HAP contracts could adversely affect the sufficiency of Revenues and assets pledged under the Master Indenture for payment of the Bonds outstanding thereunder or increase the level of prepayments. See "Considerations Regarding Redemption" under this caption. For more information regarding the Section 8 Subsidy Program as it applies to the Loans securing the Bonds, see

Appendix I hereto. For information about the Section 8 contracts relating to the Project, see **Appendix G-1** hereto.

Enforcement of Regulatory Agreements

The CHFA Regulatory Agreements allow for enforcement by declaration of default under the Loans and an acceleration of the Loans at the discretion of the Authority. Such acceleration may, under certain circumstances, require HUD consent. Among other things, it may not be possible to accelerate the debt evidenced by the Loans for a covenant default relating to the Projects, including a tax-related covenant default. See "Part I – CERTAIN PROGRAM ASSUMPTIONS."

There is no provision in the Bonds or the Indenture for an acceleration of the indebtedness evidenced by the Bonds or payment of additional interest in the event interest on the Bonds were declared taxable, and the Authority will not be liable under the Bonds or the Indenture for any such payment on the Bonds whatsoever. See "Part I – CERTAIN PROGRAM ASSUMPTIONS – The 2012B Loan."

NO IMPAIRMENT OF CONTRACT BY THE STATE

Pursuant to the provisions of Section 29-4-731 of the Act, the Authority has included in the Indenture the pledge and agreement of the State of Colorado that the State of Colorado will not limit or alter the rights vested by the Act in the Authority to fulfill the terms of any agreements made with Bond Owners, or in any way impair the rights and remedies of such Owners until the Bonds, together with the interest thereon and all costs and expenses in connection with any action or proceedings by or on behalf of such Owners, are fully met and discharged.

LEGALITY FOR INVESTMENT AND SECURITY FOR DEPOSITS

The Act provides that the Bonds are eligible for investment in the State by all public officers, public bodies and political subdivisions of the State, banking associations, savings and loan associations, trust companies, investment companies and insurance companies, and all executors, administrators, trustees and other fiduciaries of funds in their control or belonging to them; provided that, at the time of purchase by a public entity, such Bonds are rated in one of the two highest rating categories by one or more nationally recognized organizations which regularly rate such obligations. The Act makes the Bonds securities which may properly and legally be deposited with and received by any municipal officer or any agency or political subdivision of the State for any purpose for which the deposit of bonds, notes or obligations of the State is authorized by law.

INDEPENDENT AUDITORS

The financial statements of the Authority for the year ended December 31, 2011 (with comparative financial information for 2010), included in this Official Statement as **Appendix A**, have been audited by KPMG LLP, independent auditors, as stated in their report appearing therein. Such financial statements represent the most current audited financial information available for the Authority. KPMG LLP has not performed any procedures related to this Official Statement.

MISCELLANEOUS

This Official Statement speaks only as of its date, and the information contained herein is subject to change. All quotations from, and summaries and explanations of the statutes, regulations and documents contained herein do not purport to be complete and reference is made to said laws, regulations and documents for full and complete statements of their provisions. Copies, in reasonable quantity, of such laws, regulations and documents, including the Indenture, may be obtained, during the offering period, upon request to the Authority and upon payment to the Authority of a charge for copying, mailing and handling, at 1981 Blake Street, Denver, Colorado 80202, Attention: Executive Director.

The distribution of this Official Statement has been duly authorized by the Authority. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as an agreement or contract between the Authority and the purchasers or owners of any 2012 Series B Bonds.

COLORADO HOUSING AND FINANCE AUTHORITY

By: /s/ Cris A. White
Executive Director

APPENDIX A

**Annual Financial Report
(With Independent Auditor's Report Thereon)
For the Year Ended December 31, 2011
(With comparative financial information for 2010)**

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COLORADO HOUSING AND FINANCE AUTHORITY
ANNUAL FINANCIAL REPORT
(With Independent Auditors' Report Thereon)
For the Year Ended December 31, 2011
(With comparative financial information for 2010)



Prepared by:
Accounting Division

COLORADO HOUSING AND FINANCE AUTHORITY – Annual Financial Report

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EXECUTIVE LETTER

**Message from Cris White,
Executive Director and CEO
March, 2012**

Since the economic decline of 2008, Colorado's community and business leaders have been focused on restoring economic stability through job creation, collaboration, and innovation. These efforts have begun to show results. By year end, Colorado's unemployment was 7.9 percent, down one percent from the previous year. And while the median single family home sales price decreased by 2 percent; the number of units sold increased by 2 percent. CHFA has worked to assist these efforts by furthering our mission of affordable housing and economic development finance.

In 2011, CHFA's Home Finance Division delivered over \$394 million in loan production serving 2,609 households. Nearly one-fourth of our home finance customers purchased foreclosed or abandoned properties, helping restore stability to Colorado neighborhoods. Additionally, CHFA continued its tradition of supporting home buyer education by providing free in-person and online classes to 7,100 Colorado households. We updated our homebuyer education course curriculum to address legal and process changes facing today's first time buyers. Greater emphasis has been placed on helping prospective buyers understand the Good Faith Estimate and Truth in Lending forms. Additionally, the course now provides proactive information about the availability of free-HUD approved foreclosure prevention counseling should payment difficulties arise. The new curriculum was launched with a promotional Tool Kit that includes marketing and teaching resources to help our 27 housing counseling partner agencies promote classes in their communities, and ensure course consistency between providers.

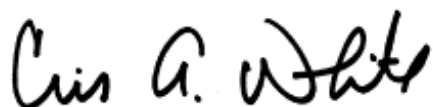
CHFA's Commercial Lending Division also experienced significant activity over the past year. Requests for Low Income Housing Tax Credits (LIHTC) outpaced credit availability by 5 to 1. The growing demand for 9 percent LIHTCs has placed greater emphasis on CHFA's commitment to transparency and predictability in the allocation process. As we developed the 2012 Qualified Allocation Plan (QAP), CHFA added more opportunities for stakeholder input through surveys and public hearings. Based on feedback received, we expanded our LIHTC Allocation Committee membership to include two members of the public. Additionally, we've noted several housing and market priorities in the QAP to assist the development community in better understating our areas of emphasis.

Likewise, CHFA's Business Finance team expanded existing partnerships to make new resources available to Colorado's lending and business communities. In conjunction with the Colorado Office of Economic Development and International Trade (OEDIT), CHFA launched the Colorado Capital Access and the Cash Collateral Support programs utilizing \$17.2 million in funding authorized through the Small Business Jobs Act of 2010. These programs will help Colorado's small and medium sized businesses access capital by providing incentives designed to leverage private bank financing. Colorado Capital Access was modeled after our existing Colorado Credit Reserve program, which utilizes funds provided by the Colorado General Assembly in 2009. Through 2011, Colorado Credit Reserve has assisted 433 businesses obtain \$16.82 million in financing and supported nearly 3,000 new and existing jobs. Eleven percent of Colorado Credit Reserve customers are minority owned businesses, and 42 percent are women-owned businesses.

Last year, I also was pleased to welcome CHFA's new Chief Financial Officer Patricia Hippe. Patricia joins us from the Minnesota Housing Finance Agency where she raised over \$5.4 billion in capital to support their single family and multifamily finance programs. She is a strong addition to our team, and brings a wealth of experience in for-profit, nonprofit, and government finance. In 2011, CHFA also continued to implement our Diversity and Inclusion Initiative. This effort is designed to create a more inclusive environment at CHFA by breaking down

departmental silos, and creating a culture where we embrace the contributions of diverse perspectives. When we operate with an emphasis on inclusion, we enrich the dialogue and ensure cross-collaborative decision making occurs. I believe that cross-collaborative decision making, when done correctly, results in better decisions, is more efficient, and actually saves time in the long run. This approach has assisted us not only as we work internally, but as we look externally at how we can best achieve our mission. As the year ahead continues, we will keep looking at new opportunities for the organization. Whether we can achieve success by expanding partnerships, refining programs, or launching new initiatives - CHFA remains dedicated to financing the places where Coloradans live and work.

Sincerely,

A handwritten signature in black ink that reads "Cris A. White". The signature is written in a cursive, flowing style.

Cris A. White
Executive Director and CEO



**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**



This section of the Colorado Housing and Finance Authority's (the Authority) annual financial report presents management's discussion and analysis of the financial position and results of operations at and for the fiscal years ended December 31, 2011 and 2010. This information is being presented to provide additional information regarding the activities of the Authority and to meet the disclosure requirements of Government Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB No. 34).

The Authority is a public enterprise that finances affordable housing, business and economic growth opportunities for residents and businesses of Colorado. Its dual mission is to increase the availability of affordable, decent and accessible housing for lower- and moderate-income Coloradans, and to strengthen the state's development by providing financial assistance to business.

Established by the Colorado General Assembly in 1973, the Authority raises funds through the public and private sale of bonds and notes, which are not obligations of the State of Colorado. The proceeds are loaned to eligible borrowers, primarily through private lending institutions across the state under sound fiscal practices established by the Authority. As a self-sustaining organization, the Authority's operating revenues come from loan and investment income, program administration fees, loan servicing and gains on sales of loans. The Authority receives no tax appropriations, and its net revenues are reinvested in its programs.

In addition, the Authority participates in the Government National Mortgage Association (Ginnie Mae or GNMA) Mortgage-Backed Securities (MBS) Programs. Through the MBS Programs, Ginnie Mae guarantees securities that are issued by the Authority and backed by pools of mortgage loans. Holders of the securities receive a "pass-through" of the principal and interest payments on a pool of mortgage loans, less amounts required to cover servicing costs and Ginnie Mae guaranty fees. The Ginnie Mae guaranty ensures that the holder of the security issued by the Authority receives the timely payment of scheduled monthly principal and any unscheduled recoveries of principal on the underlying mortgage loans, plus interest at the rate provided for in the securities. All loans pooled under the Ginnie Mae MBS Programs are either insured by the Federal Housing Administration or United States Department of Agriculture Rural Development, or are guaranteed by the Veterans Administration.

Overview of the Financial Statements

The basic financial statements consist of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, a Statement of Cash Flows and the notes thereto. The Authority, a corporate body and political subdivision of the State of Colorado, is a public purpose financial enterprise and therefore follows enterprise fund accounting. The financial statements offer information about the Authority's activities and operations.

The Statement of Net Position includes all of the Authority's assets and liabilities, presented in order of liquidity, along with the hedging deferred outflows and deferred inflows. The resulting net position presented in these statements is displayed as invested in capital assets, net of related debt, restricted or unrestricted. Net position is restricted when its use is subject to external limits such as bond indentures, legal agreements or statutes. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial assets of the Authority are improving or deteriorating.

All the Authority's current year revenues and expenses are recorded in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the activities of the Authority's operations over the past year and presents the resulting change in net position - calculated as revenues less expenses.

The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the Authority's cash receipts and cash payments during the reporting period. This statement reports cash receipts, cash payments and net changes in cash resulting from operating, noncapital financing, capital financing and



investing activities. The statement provides information regarding the sources and uses of cash and the change in the cash balance during the reporting period.

The notes to the financial statements provide additional information that is essential for a full understanding of the information provided in the financial statements. The notes follow the Statement of Cash Flows.

Debt Activity

CHFA issued \$39.2 million in Single Family Series 2011AA market bonds, and \$58.8 million of converted Series 2009AA NIBP program bonds in April, 2011. The \$98 million in bond proceeds were used to provide permanent financing for loans originated under the Authority's qualified single family loan programs and securitized into Ginnie Mae mortgage backed securities. The Authority does not plan to issue more NIBP bonds in 2012, favoring the funding of loan purchases through the securitization and MBS sale process. In July, 2011, CHFA restructured mandatory sinking fund payments in the Single Family Series 2006B-2 bonds in order to provide more flexibility and also realize savings to the indenture.

During 2011, CHFA renewed \$129 million in expiring liquidity agreements with Barclays Capital and \$56 million with FHLBank Topeka. The Authority put in place a new \$200 million liquidity facility with the Royal Bank of Canada in November, 2011 as a replacement bank for facilities provided by Dexia. In an effort to reduce liquidity facility needs, the Authority refunded just over \$227 million in outstanding single family variable rate demand obligations (VRDOs) into floating rate notes (FRNs). The November, 2011 refunding consisted of two direct placement transactions and one public market sale and resulted in a direct reduction of liquidity facilities related to VRDOs. In 2012, CHFA plans to continue pursuing liquidity facility replacements and renewals as well as FRN transactions which eliminate the overall need for such facilities.

CHFA novated (transferred) an \$80 million swap agreement from Citibank NA to BNY Mellon in December, 2011. The novated swap retained the same terms as the original agreement and was undertaken to eliminate the weaker credit counterparty, Citibank, in favor of a stronger one, BNY Mellon. The Authority will evaluate additional novation and replacement opportunities that may arise in 2012.

Programs – The financial statements present the activities of the Authority's housing and lending programs. Combining schedules for these programs are provided in the supplemental schedules.

Financial Highlights

- Total net loans receivable as of December 31, 2011 were \$2.3 billion, a decrease of \$346.4 million, or 13.1%, compared to the amount outstanding as of December 31, 2010. Loan repayments occurred without a corresponding increase in new loans retained as the Authority continued to issue Ginnie Mae securities during the year. During 2011, \$404.2 million in loans were sold through the issuance of Ginnie Mae securities.
- Total investments as of December 31, 2011 were \$884.7 million, an increase of \$11.8 million, or 1.4%, compared to the amount outstanding as of December 31, 2010. Offsetting the reduction of investments was a significant increase to the fair value of investments due to declining interest rates.
- Total deferred outflows as of December 31, 2011 was \$267.4 million, an increase of \$87.2 million, or 48.4%, compared to the amount outstanding as of December 31, 2010, which reflects a decline in market expectations of future interest rates (decline in forward yield curve).
- As of December 31, 2011, total debt outstanding was \$2.9 billion, a decrease of \$368.2 million, or 11.1%, compared to the balance at December 31, 2010. Payments of loans have been used to reduce bond balances rather than recycled into new loans.



- Net position as of December 31, 2011, was \$270.5 million, an increase of \$16.9 million, or 6.7%, compared to net position of \$253.6 million as of December 31, 2010, increasing the Authority's capital position. Net position as a percent of total assets increased from 6.8% as of December 31, 2010 to 8.0% as of December 31, 2011.
- As reflected in the Statement of Revenues, Expenses and Changes in Net Position, net position increased by \$16.9 million for 2011 as compared to a \$281 thousand decrease during 2010. The \$16.9 million, or 6.7%, increase was primarily composed of the following:
 - An \$8.5 million decrease in net interest income as a result of lower investment rates and higher bond expenses.
 - A \$13.8 million increase in other operating revenues is a result of the following:
 - \$502 thousand decrease in real estate owned (REO) rental income.
 - \$3.0 million decrease in gain/sale of loans.
 - \$1.2 million increase in investment derivative activity loss.
 - \$18.6 million increase in fair value of investments.
 - \$43 thousand decrease in loan servicing and other revenues.
 - A \$12.0 million decrease in operating expense primarily as a result of an increase in salaries and related benefits due to increased staffing and benefit costs, a decrease in general operating expenses due to reduced Lehman swap termination costs and an increase in provision for loan losses due to increased delinquencies and foreclosures.



Analysis of Financial Activities

Condensed Summary of Net Position

(in thousands of dollars)

For the years ended December 31,	2011	2010 Restated	2009 Restated
Assets			
Cash	\$ 89,292	\$ 91,981	\$ 35,900
Investments	884,670	872,861	575,994
Loans receivable	2,264,846	2,601,982	2,880,823
Loans receivable held for sale	38,206	47,478	67,356
Capital assets, net	24,160	26,741	28,586
Other assets	70,365	79,061	76,619
Total assets	3,371,539	3,720,104	3,665,278
Deferred Outflows			
Accumulated decrease in fair value of hedging derivatives	267,410	180,245	137,632
Liabilities			
Bonds and notes payable, net	2,935,507	3,303,668	3,278,881
Derivative instruments and related borrowings	335,558	243,572	204,498
Other liabilities	97,362	99,531	63,213
Total liabilities	3,368,427	3,646,771	3,546,592
Deferred Inflows			
Accumulated increase in fair value of hedging derivatives	-	-	2,458
Net position:			
Invested in capital assets	24,160	26,741	28,586
Restricted by bond indentures	137,096	113,252	163,809
Unrestricted	109,266	113,586	61,465
Total net position	\$ 270,522	\$ 253,579	\$ 253,860

The deferred outflows, deferred inflows and net position for December 31, 2010 and 2009 were adjusted due to the early adoption of GASB No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions* (GASB No. 64), which designates specific circumstances where hedge accounting may continue after the termination of the hedging derivative instrument. The early adoption of GASB No. 64 resulted in the following adjustments to the Statement of Net Position as of December 31, 2010; deferred outflows increased by \$36,462,000, deferred inflows decreased by \$6,168,000, beginning net position increased by \$44,778,000, and ending net position decreased by \$42,630,000. The early adoption of GASB No. 64 resulted in the following adjustments to the Statement of Net Position as of December 31, 2009 deferred outflows increased by \$24,873,000, deferred inflows decreased by \$19,905,000, beginning net position increased by \$46,865,000, and ending net position decreased by \$44,778,000.

Comparison of Years Ended December 31, 2011 and 2010

Total assets decreased \$348.6 million, or 9.4%, from the prior year. Cash and cash equivalents, and investments, combined, increased \$9.1 million thousand, or 1.0%. Mortgage and other loans receivable decreased by \$346.4 million, or 13.1%, as a result of loan repayments occurring without a corresponding increase in new loans retained as the Authority continued to issue Ginnie Mae securities during the year. Total deferred outflows increased \$87.2 million, or 48.4%, from the prior year, due to a decline in market expectations of future interest rates (decline in the forward yield curve).



Total liabilities decreased \$278.3 million, or 7.6% from the prior. Notes and bond payable decreased \$368.2 million, or 11.1%, primarily due to scheduled bond payments and additional unscheduled redemptions. Derivative instruments and related borrowings fair value increased \$92.0 million, or 37.8% from prior year due to declining market interest rates.

Comparison of Years Ended December 31, 2010 and 2009:

Total assets increased \$54.8 million, or 1.5% from the prior year. Cash and cash equivalents, and investments, combined, increased \$352.9 million, or 57.7%. Mortgage and other loans receivable decreased by \$298.7 million, or 10.1%, as a result of loan repayments occurring without a corresponding increase in new loans retained, as the Authority continued to issue Ginnie Mae securities during the year. Total deferred outflows increased \$42.6 million, or 31.0% from the prior year, due to declining interest rates.

Total liabilities increased \$100.2 million, or 2.8% from the prior year. Notes and bond payable increased \$24.8 million, or 0.8% primarily due to the reduction of bonds payable from the collection of mortgage payments. Derivative instruments and related borrowings increased \$39.1 million, or 19.1% from prior year.

Subsequent Events:

In March of 2012, the Authority completed the sale of the real estate for all Blended Component Units, which encompass the Rental Assistance Program ("RAP") - Hyland Park Centre Corporation ("Hyland Park"), Tanglewood Oaks Apartments Corporation ("Tanglewood"), and Village of Yorkshire Corporation ("Yorkshire"). In addition, the Authority completed the sale of real estate for Maple Tree Settlement, which is not a Blended Component Unit, but is part of RAP. Each of these properties was sold at a gain. These properties contributed a total increase to net operating income in 2011 and 2010 of \$1.5 million and \$498 thousand respectively.

The Authority paid in full the outstanding Lehman swap termination settlement as of March 2012.

Also in March, the Authority redeemed \$106,325,000 of NIPB bonds.

**Condensed Summary of Revenues, Expenses and Changes in Net Position***(in thousands of dollars)*

For the years ended December 31,	2011	2010 Restated	2009 Restated
Interest income and expense:			
Interest on loans receivable	\$ 134,597	\$ 151,319	\$ 173,009
Interest on investments	23,423	18,094	15,053
Interest on debt	(138,545)	(141,458)	(173,971)
Net interest income	19,475	27,955	14,091
Other operating income:			
Rental income	8,804	9,306	7,460
Gain on sale of loans	16,792	19,817	8,528
Investment derivative activity loss	(1,715)	(473)	(2,882)
Net increase in the fair value of investments	25,887	7,324	(10,396)
Other revenues	19,443	19,400	18,430
Total other operating income	69,211	55,374	21,140
Total operating income	88,686	83,329	35,231
Operating expenses:			
Salaries and related benefits	18,210	17,808	16,180
General operating	40,783	55,636	17,815
Depreciation	3,684	3,773	3,159
Provision for loan losses	9,036	6,521	14,404
Total operating expenses	71,713	83,738	51,558
Net operating income (loss)	16,973	(409)	(16,327)
Federal grant receipts	134,491	134,613	112,458
Federal grant payments	(134,491)	(134,613)	(112,458)
Gain (loss) on sale of capital assets	(30)	128	-
Nonoperating revenues and expenses, net	(30)	128	-
Change in net position	16,943	(281)	(16,327)
Net position:			
Beginning of year	253,579	253,860	270,187
End of year	\$ 270,522	\$ 253,579	\$ 253,860

Comparison of Years Ended December 31, 2011 and 2010

Total operating income increased by \$5.4 million in 2011 to \$88.7 million, an increase of 6.4%, compared to 2010. The following contributed to the increase:

- Interest income decreased by \$11.4 million in 2011 as a result of higher prepayments without a corresponding new loan investment.
- Interest expense related to debt decreased by \$2.9 million due to lower outstanding balances.
- Gain on sale of loans decreased by \$3.0 million in 2011 related primarily to the reduced amount of issuance of GNMA securities.

- The fair value of investments increased by \$18.6 million due primarily to a decrease in market interest rates during 2011.

Total operating expenses decreased \$12.0 million in 2011 to \$71.7 million, a decrease of 14.4%, compared to 2010. The decrease was primarily due to an increase in salaries and related benefits due to increased staffing, merit increases and health insurance costs, a decrease in general operating costs related to Lehman swap termination settlements, a decrease in depreciation expense due to assets becoming fully depreciated and an increase in provision for loan losses due to increasing delinquencies and foreclosures.

Total nonoperating revenues and expenses consist primarily of pass-through amounts related to the Authority's role as a contract administrator of the U.S. Department of Housing and Urban Development's Section 8 subsidy program. Under the Section 8 subsidy program, tenants pay 30% of their income toward rent and the balance is paid by federal subsidy.

Comparison of Years Ended December 31, 2010 and 2009

Total operating income increased by \$49.3 million in 2010 to \$83.3 million, an increase of 144.8%, compared to 2009. The following contributed to the increase:

- Interest income decreased by \$18.6 million in 2010 as a result of reduced loans receivable balances.
- Interest expense related to debt decreased by \$33.7 million due to the normalization of interest rates and lower outstanding debt.
- Gain on sale of loans increased by \$11.3 million in 2010 due primarily to gains on the sale of GNMA securities.
- The fair value of investments increased by \$17.7 million due primarily to a decrease in market rates in 2010.

Total operating expenses increased \$33.4 million in 2010 to \$83.7 million, an increase of 66.2%, compared to 2009. The following contributed to the decrease:

- Salaries and related benefits increased by \$1.6 million, or 10.1%, due to increased staffing, merit increases and health insurance costs.
- General operating costs increased by \$39.0, million or 234.6%, due to expenses related to the Lehman swap termination settlements and costs associated with the Rental Acquisition Program and Other Real Estate Owned including management fees, repairs and maintenance, utilities, personal and administrative costs.
- Depreciation expense increased \$614 thousand, or 19.4%, due to purchase, implementation, and development and computer software.
- Offsetting these increases is a \$7.9 million decrease to the provision for loan losses due to a change in accounting estimate for reserves related to government-insured loans to better reflect credit risk considering economic programs, borrower factors, and collateral values.



AUDITORS' REPORT



KPMG LLP
Suite 2700
707 Seventeenth Street
Denver, CO 80202-3499

Independent Auditors' Report

Board of Directors
Colorado Housing and Finance Authority
Denver, Colorado:

We have audited the accompanying financial statements of the Colorado Housing and Finance Authority (the Authority), as of and for the year ended December 31, 2011, which comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit. The accompanying basic financial statements of the Authority as of December 31, 2010, were audited by other auditors whose report thereon dated June 27, 2011, expressed an unqualified opinion on those statements, before the restatement to reflect the retroactive application of an accounting principle and change in accounting described in note 1(c) to the basic financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2011, and the respective changes in financial position, and cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

We also audited the adjustments described in note 1(c) that were applied to restate the 2010 basic financial statements to reflect the retroactive application of an accounting principle and change in accounting. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2010 basic financial statements of the Authority other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2010 basic financial statements taken as a whole.



U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 4 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included in Schedules 1 through 3 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

As discussed in note 1(c) to the financial statements, during 2011, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*. The adoption required retroactive application to prior periods.

KPMG LLP

March 29, 2012



BASIC FINANCIAL STATEMENTS

Colorado Housing and Finance Authority
Statements of Net Position

For the years ended December 2011 and 2010

(in thousands of dollars)

	2011	2010 Restated, note 1
Assets		
Current assets:		
Cash		
Restricted	\$ 56,011	\$ 75,483
Unrestricted	33,281	16,498
Investments (partially restricted, see note 2)	646,232	652,878
Loans receivable (partially restricted, see note 3)	113,701	134,211
Loans receivable held for sale	38,206	47,478
Other current assets	25,049	30,394
Current assets	912,480	956,942
Noncurrent assets:		
Investments (partially restricted, see note 2)	238,438	219,983
Loans receivable, net (partially restricted, see note 3)	2,151,145	2,467,772
Capital assets, net	24,160	26,741
Other assets	45,316	48,667
Total noncurrent assets	2,459,059	2,763,163
Total assets	3,371,539	3,720,105
Deferred Outflows		
Accumulated decrease in fair value of hedging derivatives	267,410	180,245
Liabilities		
Current liabilities:		
Short-term debt	46,100	87,900
Bonds payable	321,512	299,187
Notes payable	104	79
Other current liabilities	73,421	90,764
Current liabilities	441,137	477,930
Noncurrent liabilities:		
Bonds and notes payable, net	2,567,791	2,916,502
Derivative instruments	281,951	183,600
Hybrid instrument borrowing	53,607	59,972
Other liabilities	23,941	8,767
Total noncurrent liabilities	2,927,290	3,168,841
Total liabilities	3,368,427	3,646,771
Net position		
Invested in capital assets	24,160	26,741
Restricted by bond indentures	137,096	113,252
Unrestricted	109,266	113,586
Total net position	\$ 270,522	\$ 253,579

See accompanying notes to basic financial statements.

Colorado Housing and Finance Authority
Statements of Revenues, Expenses and Changes in Net Position

For the years ended December 2011 and 2010

(in thousands of dollars)

	2011	2010 Restated, note 1
Interest income and expense:		
Interest on loans receivable	\$ 134,597	\$ 151,319
Interest on investments	23,423	18,094
Interest on debt	(138,545)	(141,458)
Net interest income	19,475	27,955
Other operating revenue:		
Rental income	8,804	9,306
Gain on sale of loans	16,792	19,817
Investment derivative activity loss	(1,715)	(473)
Net increase in the fair value of investments	25,887	7,324
Other revenues	19,443	19,400
Total other operating income	69,211	55,374
Total operating income	88,686	83,329
Operating expenses:		
Salaries and related benefits	18,210	17,808
General operating	40,783	55,636
Depreciation	3,684	3,773
Provision for loan losses	9,036	6,521
Total operating expenses	71,713	83,738
Net operating income (loss)	16,973	(409)
Federal grant receipts	134,491	134,613
Federal grant payments	(134,491)	(134,613)
Gain (loss) on sale of capital assets	(30)	128
Nonoperating revenues and expenses, net	(30)	128
Change in net position	16,943	(281)
Net position:		
Beginning of year	253,579	253,860
End of year	\$ 270,522	\$ 253,579

See accompanying notes to basic financial statements.

Colorado Housing and Finance Authority
Statements of Cash Flows

For the years ended December 2011 and 2010

(in thousands of dollars)

	2011	2010
		Restated, note 1
Cash flows from operating activities:		
Principal payments received on loans receivable and receipts from dispositions of other real estate owned	\$ 303,302	\$ 320,375
Interest payments received on loans receivable	138,083	154,818
Payments for loans receivable	(367,983)	(428,218)
Receipts from sales of Ginnie Mae securities	420,989	417,478
Receipts from rental operations	8,748	9,346
Receipts from other revenues	19,391	19,173
Payments for salaries and related benefits	(18,775)	(17,109)
Payments for goods and services	(41,362)	(19,213)
All other, net	1,503	(1,185)
Net cash provided by operating activities	463,896	455,465
Cash flows from noncapital financing activities:		
Net increase (decrease) in short-term debt	(41,800)	14,650
Proceeds from issuance of bonds	266,435	275,210
Proceeds from issuance of notes payable	1,388	125
Receipts from federal grant programs	135,352	134,308
Payments for federal grant programs	(134,491)	(134,613)
Principal paid on bonds	(583,898)	(247,064)
Principal paid on notes payable	(105)	(17,415)
Interest paid on short-term debt	(271)	(226)
Interest rate swap settlements	(92,102)	(95,330)
Interest paid on bonds	(49,000)	(52,336)
Interest paid on notes payable	(756)	(1,004)
Bond issuance costs paid	(1,728)	(1,365)
Net cash used by noncapital financing activities	(500,976)	(125,060)
Cash flows from capital and related financing activities:		
Purchase of capital assets	(1,133)	(2,148)
Proceeds from the disposal of capital assets	-	347
Net cash used by capital and related financing activities	(1,133)	(1,801)
Cash flows from investing activities:		
Proceeds from maturities and sales of investments	3,089,608	2,897,006
Purchase of investments	(3,075,530)	(3,186,689)
Income received from investments	21,446	17,160
Net cash provided (used) by investing activities	35,524	(272,523)
Net increase (decrease) in cash	(2,689)	56,081
Cash at beginning of year	91,981	35,900
Cash at end of year	\$ 89,292	\$ 91,981
Restricted	56,011	75,483
Unrestricted	33,281	16,498
Cash, end of year	\$ 89,292	\$ 91,981

See accompanying notes to basic financial statements.

Continued on the next page

Colorado Housing and Finance Authority

Statements of Cash Flows *(continued)*

For the years ended December 2011 and 2010

(in thousands of dollars)

	2011	2010
		Restated, note 1
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Net operating income (loss)	\$ 16,973	\$ (409)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:		
Depreciation expense	3,684	3,773
Amortization of service release premiums	3,538	2,946
Amortization of deferred loan fees/costs, net	65	115
Amortization of derivatives related borrowings	(6,364)	(6,469)
Provision for loan losses	9,036	6,521
Gain on sale of capital assets	30	-
Interest on investments	(23,418)	(18,087)
Interest on debt	144,909	147,927
Unrealized loss on investment derivatives	1,715	473
Unrealized gain on investments	(25,887)	(7,324)
Loss on sale of REO	1,631	413
Gain on sale of loans receivable held for sale	(16,792)	(19,817)
Changes in assets and liabilities:		
Loans receivable and other real estate owned	350,818	306,083
Accrued interest receivable on loans and investments	3,742	3,505
Other assets	1,446	(3,983)
Accounts payable and other liabilities	(1,230)	39,798
Net cash provided by operating activities	\$ 463,896	\$ 455,465

See accompanying notes to basic financial statements.

colorado housing and finance authority



NOTES TO BASIC FINANCIAL STATEMENTS



1) Organization and Summary of Significant Accounting Policies

(a) Authorizing Legislation and Reporting Entity

Authorizing Legislation - The Colorado Housing and Finance Authority (the "Authority") is a body corporate and a political subdivision of the State of Colorado (the "State") established pursuant to the Colorado Housing and Finance Authority Act, Title 29, Article 4, Part 7 of the Colorado Revised Statutes, as amended (the "Act"). The Authority is not a state agency and is not subject to administrative direction by the State. The governing body of the Authority is its board of directors. Operations of the Authority commenced in 1974. The Authority is not a component unit of the State or any other entity.

The Authority was created for the purpose of making funds available to assist private enterprise and governmental entities in providing housing facilities for lower- and moderate-income families. Under the Act, the Authority is also authorized to finance projects and working capital loans to industrial and commercial enterprises (both for-profit and nonprofit) of small and moderate size.

In 1992, Colorado voters approved an amendment to the State Constitution, Article X, Section 20, which, among other things, imposes restrictions on increases in revenue and expenditures of state and local governments. In the opinion of its bond counsel, the Authority qualifies as an enterprise under the amendment and therefore is exempt from its provisions.

In 2001, the Colorado state legislature repealed the limitation on the amount of debt that the Authority can issue as well as removed the moral obligation of the State on future debt issues of the Authority. The bonds, notes and other obligations of the Authority do not constitute debt of the State.

Blended Component Units – Rental Acquisition Program ("RAP") - Hyland Park Centre Corporation ("Hyland Park"), Tanglewood Oaks Apartments Corporation ("Tanglewood"), and Village of Yorkshire Corporation ("Yorkshire") have been designated as blended component units and included in the Authority's financial statements. Hyland Park, Tanglewood and Yorkshire are public, nonprofit instrumentalities of the Authority, each of which owns and operates a single, separate multi-family rental housing project. The Authority is financially accountable for these units because they have the same board of directors and management personnel, and their surplus assets are relinquished to the Authority. Separate financial statements for the individual component units may be obtained through the Authority.

Lending and Housing Programs – The Authority accounts for its lending and operating activities in the following groups:

General Program – The General Program is the Authority's primary operating program. It accounts for assets, liabilities, revenues and expenses not directly attributable to a bond program. Most of the bond resolutions of the programs permit the Authority to make cash transfers to the general accounts after establishing reserves required by the bond resolutions. The general accounts financially support the bond programs when necessary. The general accounts include proprietary loan programs developed by the Authority to meet the needs of low- and moderate-income borrowers not served by traditional lending programs. The general accounts also include administrative activities related to the federal government's Section 8 housing assistance payments program.

Single Family Program – The Single Family Program includes bonds issued and assets pledged for payment of the bonds under the related indentures. Loans acquired under this program with the proceeds of single family bond issues include FHA, conventional, USDA Rural Development and VA loans made under various loan programs.

Multi-Family/Business Program – The Multi-Family/Business Program includes bonds issued and assets pledged for payment of the bonds under the related indentures. Loans acquired under this program with the proceeds of multi-family and business (sometimes referred to as project) bond issues include loans made for the purchase, construction or rehabilitation of multi-family rental housing. In addition, business loans are made to both for-profit and nonprofit organizations primarily for the purpose of acquisition or expansion of their facilities or for the purchase of equipment.



(b) Basis of Accounting

The Authority presents its financial statements in accordance with U.S generally accepted accounting standards as established by the Governmental Accounting Standards Board (GASB). For financial purposes, the Authority is considered a special-purpose government engaged in business-type activities. The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when incurred. All significant intra-entity transactions have been eliminated.

(c) Summary of Significant Accounting Policies

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Significant estimates to the Authority's financial statements include the allowance for loan losses and fair value estimates. Actual results could differ from those estimates.

Cash and Restricted Cash – The Authority's cash and cash equivalents are considered to be cash on hand and demand deposits held in banks.

Restricted Assets – Essentially all investments and loans receivable are restricted assets. Restricted assets are held for the benefit of respective bond holders and accounted for by program. Certain other assets are held on behalf of various governmental housing initiatives or regulations.

Investments – Investments of the Authority, with the exception of nonparticipating investment agreements, which are reported at cost, are reported at fair value based on values obtained from third-party pricing services. The values are based on quoted market prices when available or on adjusted value in relation to observable prices on similar investments. Investments with an initial maturity of one year or less are valued at amortized cost, which approximates fair value. Virtually all investments are restricted.

Loans Receivable – Mortgage loans receivable are reported at their unpaid principal balance net of deferred down payment assistance expense, deferred fee income, loan origination costs and an allowance for estimated loan losses. Deferred down payment assistance expense, deferred fee income and loan origination costs are capitalized and amortized over the contractual life of the loan using the effective interest method. Virtually all mortgage loans receivable are serviced by the Authority and are restricted.

Loans Receivable Held for Sale – Loans originated or acquired and intended for sale in the secondary market are carried at the lower of cost or fair value. Gains and losses on loan sales (sales proceeds minus carrying value) are reported in noninterest income.

Allowance for Loan Losses – The allowance for loan losses is a reserve against current operations based on management's estimate of expected loan losses. Management's estimate considers such factors as the payment history of the loans, the projected cash flows of the borrowers, estimated value of the collateral, subsidies, guarantees, mortgage insurance, historical loss experience for each loan type, additional guarantees provided by the borrowers and economic conditions. Based on the review of these factors, a total reserve amount is calculated and a provision is made against current operations to reflect the estimated balance.

Troubled Debt Restructuring – A restructuring of a debt constitutes a troubled debt restructuring if the creditor for economic or legal reasons related to the debtor's financial difficulties grants a concession to the debtor that it would not



Notes to Basic Financial Statements
(tabular dollar amounts are in thousands)

otherwise consider. Whatever the form of concession granted by the creditor to the debtor in a troubled debt restructuring, the creditor's objective is to make the best of a difficult situation. That is, the creditor expects to obtain more cash or other value from the debtor, or to increase the probability of receipt, by granting the concession than by not granting it.

Interest income is recognized using the new interest rate after restructuring, which approximates the effective interest rate. Additional information is disclosed in the loans receivable see note 3.

Capital Assets – The Authority's capital assets consist of two groups. Corporate capital assets include those capital assets other than those used in its RAP activities. The Authority commenced its RAP operations in 1988 when the Board authorized the acquisition, rehabilitation and operation of multi-family properties to provide affordable housing to lower- and moderate-income families. The Authority has acquired and rehabilitated these properties with a combination of sources of funds, including (1) general obligation and multi-family bond proceeds, (2) seller-carry notes, and (3) contributions from the Authority's general operating account. As of December 31, 2011, the Authority owned a total of four RAP projects, including its three component units, containing 917 units. These properties were sold subsequent to year-end, see note 15.

Capital assets are defined by the Authority as assets with an initial, individual cost of \$2,500 in the case of corporate capital assets and \$1,500 in the case of RAP capital assets. Capital assets are depreciated or amortized using the straight-line method over their estimated useful lives, which are 30 years for buildings and from 3 to 10 years for furniture and equipment.

Other Assets – The major other assets are:

- *Mortgage servicing rights (servicing release premiums)*: amortized over the life of the related loans using the effective interest method. Unamortized costs totaling \$21,520,000 and \$21,705,000 were outstanding at December 31, 2011 and 2010, respectively. Included in these amounts are mortgage servicing rights of \$9,502,000 and \$6,765,000, as of December 31, 2011 and 2010, respectively, related to loans sold by the Authority for which the Authority retained the mortgage servicing rights. These mortgage servicing rights are reported at the lower of cost or fair value. In 2011, the Authority recognized an impairment loss of \$635,000. The impairment loss is reported in general operating expense on the Statement of Revenues, Expenses and Changes in Net Position. No impairment was recognized in 2010.
- *Other real estate owned (REO)*: represents real estate acquired through foreclosure and in-substance foreclosures. Other real estate owned is recorded at the lower of the investment in the loan or the estimated net realizable value, which equals estimated fair value minus closing costs.
- *Bond and note issuance costs*: costs of debt issuance are deferred and amortized to interest expense over the lives of the bond issues using the effective interest method.

Bonds – Bonds payable are limited obligations of the Authority, and are not a debt or liability of the State or any subdivisions thereof. Each bond issue is secured, as described in the applicable trust indenture, by all revenues, moneys, investments, mortgage loans, and other assets in the accounts of the program. Substantially all of the Authority's loans and investments are pledged as security for the bonds. The provisions of the applicable trust indentures require or allow for redemption of bonds through the use of unexpended bond proceeds and excess funds accumulated primarily through prepayment of mortgage loans and program certificates. All outstanding bonds are subject to redemption at the option of the Authority, in whole or in part at any time after certain dates, as specified in the respective series indentures.

The Authority issues fixed rate and variable rate bonds. The rate on the fixed rate bonds is set at bond closing. The variable rate bonds bear interest at either a monthly or a weekly rate until maturity or earlier redemption. For bonds that pay weekly rates, the remarketing agent for each bond issue establishes the weekly rate according to each indenture's remarketing agreement. The weekly rates are communicated to the various bond trustees for preparation of debt service payments. The weekly rate, as set by the remarketing agent, allows the bonds to trade in the secondary market at a price



Notes to Basic Financial Statements
(tabular dollar amounts are in thousands)

equal to 100% of the principal amount of the bonds outstanding, with each rate not exceeding maximum rates permitted by law. The variable rate bonds that bear interest monthly are based on the 1-month London Interbank Offered Rate (LIBOR).

Variable rate bonds have an assumed Stand-by Purchase Agreement (SBPA), which states that the issuer of the SBPA will purchase the bonds in the event the remarketing agent is unsuccessful in marketing the bonds. In this event, the interest rate paid by the Authority will be calculated using a defined rate from the SBPA. If the bonds remain unsold for a period of 90 days, they are deemed to be "bank bonds" and the Authority is required to repurchase the bonds from the SBPA issuer. The timing of this repurchase, or term out, will vary by issuer from two years to ten years.

Bond Discounts and Premiums – Discounts and premiums on bonds payable are amortized to interest expense over the lives of the respective bond issues using the effective interest method.

Debt Refundings – For current refundings and advance refundings resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense over the remaining life of the old or new debt, whichever is shorter, using the effective interest method, with the exception of the amount relating to deferred loss on interest rate swap hedging relationship termination, which are amortized on a straight-line basis. The deferred refunding amounts are classified as a component of bonds payable in the financial statements.

Derivative Instruments – Derivative instruments, as defined in GASB No. 53, *Accounting and Financial Reporting for Derivative Instruments*, are measured on the Statement of Net Position at fair value. Changes in fair value for those derivative instruments that meet the criteria for hedging instruments under GASB No. 53 are reported as deferred inflows and outflows. Changes in fair value of investment derivative instruments, which are ineffective derivative instruments, are reported within investment derivative activity loss in the period of change.

Derivative Instruments - Interest Rate Swap Agreements – The Authority enters into interest rate swap agreements ("Swap") with rated swap counterparties in order to (1) provide lower cost fixed rate financing for its loan production needs through synthetic fixed rate structures; and (2) utilize synthetic fixed rate structures with refunding bonds in order to generate cash flow savings. The interest differentials to be paid or received under such swaps are recognized as an increase or decrease in interest expense of the related bond liability. The Authority enters into fixed payor swaps, where it pays a fixed interest rate in exchange for receiving a variable interest rate from the counterparty. The variable interest rate may be based on either a taxable or tax-exempt index. By entering into a swap agreement, the Authority hedges its interest rate exposure on the associated variable rate bonds. With the exception of one swap, all of the swaps are considered hedging derivatives. Additional information about the swap agreements is provided in note 8.

Derivative Instruments - Forward Sales Contracts – Forward sales securities commitments and private investor sales commitments are utilized to hedge changes in fair value of mortgage loan inventory and commitments to originate mortgage loans. At December 31, 2011, the Authority had executed 34 forward sales transactions with an \$82,392,000 notional amount with three counterparties with concentrations and ratings (Standard and Poor's / Moody's Investors Service) as shown in note 8. The forward sales will all settle by March 19, 2012. These contracts are considered investment derivative instruments.

Hybrid Instrument Borrowings – Hybrid instrument borrowings represent cash premiums received on interest rate swaps that had a fair value other than zero at the date of execution, generally because the fixed rates were different than market rates at that date. Interest expense is imputed on these borrowings, which is reported at amortized cost.

Other Liabilities – The major other liabilities are:

- *Servicing escrow*: the net amount of collected escrow funds currently being held to pay future obligations of property taxes and insurance premiums due on real properties. The Authority has a corresponding asset that is recorded in restricted cash.



Notes to Basic Financial Statements
(tabular dollar amounts are in thousands)

- *Alternative Dispute Resolution*: amounts due to Lehman Brothers Financial Products, Inc. and Lehman Brothers Special Financing, Inc. (the "Lehman Debtors") to resolve a dispute relating to the termination value of certain derivative contracts between the Authority and the Lehman Debtors. It is anticipated that the amounts will be paid in full during 2012.
- *Deferred Low Income Housing Tax Credit (LIHTC) Income*: compliance monitoring fees collected in advance on multi-family properties that have been awarded low-income housing tax credits to be used over a 15-year period. These fees cover the ongoing cost the Authority incurs to certify that these properties remain low-income compliant during the 15-year period and continue to be eligible to use the tax credits awarded.
- *Compensated Absences*: employees accrue paid time off at a rate based on length of service. Employees may accrue and carry over a maximum of 150% of their annual paid time off benefit. The liability for compensated absences is based on current salary rates and is reported in the Statement of Net Position.

Classification of Revenues and Expenses - The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the Authority's ongoing operations. The principal operating revenues of the Authority are interest income on loans and investment income. The Authority also recognizes revenues from rental operations and other revenues, which include loan servicing fees and other administrative fees. Operating expenses include interest expense, administrative expenses, depreciation, and the provision for loan losses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Authority's nonoperating revenues and expenses consist primarily of pass-through amounts related to the Authority's role as a contract administrator of the U.S. Department of Housing and Urban Development's Section 8 subsidy program. Under the Section 8 subsidy program, tenants pay 30% of their income toward rent and the balance is paid to the Authority by federal subsidy.

In addition, under the federal government's American Recovery and Reinvestment Act (ARRA), passed in February 2009, the Authority became the allocator of the Tax Credit Assistance Program (TCAP) and the Tax Credit Exchange Program (TCEP). The two programs were created to assist developers holding allocations of federal LIHTC. In 2009, the Authority received an allocation of over \$60 million in federal funds to distribute to projects already underway across the State. As of December 31, 2011, all TCEP and TCAP funds have been distributed, and the Authority has no remaining obligations under the program.

New Accounting Principles - The Authority has evaluated the financial statement impact and adopted several new Statements issued by the Governmental Accounting Standards Board (GASB) in its current fiscal year ended December 31, 2011.

GASB issued GASB Statement No. 62, which improves financial reporting by incorporating into GASB's authoritative literature certain accounting and financial reporting guidance that is included in FASB and the American Institute of Certified Public Accountants ("AICPA") pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. GASB No. 62 will supersede Statement No. 20. The requirements of GASB No. 62 are effective for financial statements for periods beginning after December 15, 2011, although earlier application is encouraged. There was no material impact to the Authority's financial statements from the early adoption of this standard in 2011.

GASB issued GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* ("GASB No. 63"), which provides guidance for reporting deferred outflows of resources and deferred inflows of resources within the financial statements of governmental entities. These elements were previously identified and defined in GASB Concepts Statement No. 4, *Elements of Financial Statements*. Deferred outflows of resources are defined as a consumption of net assets by the government that is applicable to a future reporting period. They are required to be reported in the statement of financial position in a separate section following assets. Similarly,



Notes to Basic Financial Statements
(tabular dollar amounts are in thousands)

deferred inflows of resources are defined as an acquisition of net assets by a government that is applicable to a future reporting period. They should be reported in the statement of financial position in a separate section following liabilities. Additionally, GASB No. 63 renames the statement of net assets as the statement of net position. The statement of net position should report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. There was no material impact to the Authority's financial statements from the early adoption of this standard in 2011.

GASB issued GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions* ("GASB No. 64"), which designates specific circumstances where hedge accounting may continue after the termination of the hedging derivative instrument. Under the provisions of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB No. 53), a government is to cease hedge accounting upon the termination of the hedging derivative instrument, resulting in the immediate recognition of the deferred outflows or inflows of resources as a component of investment income. However, in many instances, governments have managed to replace their swap counterparty or swap counterparty's credit support providers by amending existing swap agreements or by entering into new swap agreements. Therefore, GASB No. 64 was issued to clarify the circumstances in which an effective hedging relationship continues after these events occur.

Under GASB No. 64, a hedging derivative instrument is considered terminated unless an effective hedging relationship continues when all of the following criteria are met: 1) collectability of swap payments is considered to be probable, 2) the swap counterparty of the interest rate swap or commodity swap, or the swap counterparty's credit support provider, is replaced with an assignment or in-substance assignment, and 3) the government enters into the assignment or in-substance assignment in response to the swap counterparty, or the swap counterparty's credit support provider, either committing or experiencing an act of default or a termination event as both are described in the swap agreement. The early adoption of this statement in 2011 required adjustment to prior periods.

The early adoption of GASB No. 64, in 2011 allowed the Authority to continue hedge accounting on certain interest rate swaps that were replaced in prior years. Prior to the adoption of GASB No. 64, the hedging associations for these interest rate swaps were considered terminated. Upon adoption of GASB No. 64, the Statement of Net Position as of December 31, 2010 was retroactively restated as follows: deferred outflows increased by \$36,462,000, deferred inflows decreased by \$6,168,000, beginning net position increased by \$44,778,000, and ending net position increased by a net \$42,630,000. Hybrid instrument borrowing amortization, which is reported in interest on debt on the 2010 Statement of Revenues, Expenses and Changes in Net Position, decreased by \$2,148,000.

Change in Accounting – Prior to the year ended December 31, 2011, the Authority presented three separate funds along with the combined total thereof in its basic financial statements. In the current year, the Authority has changed the presentation to include only the combined total of its programs, along with comparative prior year information. The total amounts are otherwise unchanged, from the prior year presentation as a result of this accounting change.

Reclassifications – Certain prior year amounts have been reclassified to conform to current year presentation.

(2) Cash and Investments

The Authority is authorized by means of a Board-approved investment policy to invest in notes, bonds and other obligations issued or guaranteed by the U.S. government and certain governmental agencies. Additionally, the Authority is permitted to invest, with certain restrictions as to concentration of risk, collateralization levels, maximum periods to maturity, and/or underlying rating levels applied, in revenue or general obligations of states and their agencies, certificates of deposits, U.S. dollar denominated corporate or bank debt, commercial paper, repurchase agreements backed by U.S. government or agency securities, money market mutual funds and investment agreements. The Authority is also subject to permissible investments as authorized by Title 24, Article 75, Part 6 of the Colorado Revised Statutes (CRS). Permissible investments pursuant to the CRS are either identical to or less restrictive than the Authority's investment policy. In addition, each of the trust indentures established under the Authority's bond programs contain requirements as to permitted investments of bond



Notes to Basic Financial Statements
(tabular dollar amounts are in thousands)

fund proceeds, which may be more or less restrictive than the Authority's investment policy. These investments are included in the disclosures below under State and political subdivision obligations.

Interest Rate Risk

As of December 31, 2011, the Authority had the following investment maturities:

Investment Type	Investment Maturities (In Years)				Total
	Less Than 1	1-5	6-10	More Than 10	
Certificates of Deposits	\$ 2,700	\$ -	\$ -	\$ -	\$ 2,700
External investment pool (COLOTRUST)	100,336	-	-	-	100,336
Investment agreements - uncollateralized	105,364	-	-	33,481	138,845
Money market mutual fund	275,372	-	-	-	275,372
Repurchase agreements	52,369	-	-	15,107	67,476
State and political subdivision obligations	-	-	-	2,587	2,587
U.S. government agencies	110,091	13,852	56,212	116,541	296,696
U.S. Treasury	-	-	-	658	658
Total	\$ 646,232	\$ 13,852	\$ 56,212	\$ 168,374	\$ 884,670

As of December 31, 2010, the Authority had the following investment maturities:

Investment Type	Investment Maturities (In Years)				Total
	Less Than 1	1-5	6-10	More Than 10	
Certificate of Deposit	\$ 47,200	\$ -	\$ -	\$ -	\$ 47,200
External investment pool (COLOTRUST)	105,079	16	-	-	105,095
Investment agreements - collateralized	23,967	-	-	6,875	30,842
Investment agreements - uncollateralized	121,991	-	-	40,277	162,268
Money market mutual fund	318,150	507	-	-	318,657
Repurchase agreements	2,162	-	-	2,151	4,313
State and political subdivision obligations	-	-	-	3,038	3,038
U.S. government agencies	22,561	6,897	65,961	105,441	200,860
U.S. Treasury	-	-	-	588	588
Total	\$ 641,110	\$ 7,420	\$ 65,961	\$ 158,370	\$ 872,861

General Program investments of \$9,716,000 include investments pledged as of December 31, 2011 as follows: a \$2,700,000 certificate of deposit pledged to the FHLB line of credit and COLOTRUST investments of RDLP, RDLP II & RDLP V in the amounts of \$152,000, \$511,000 and \$18,000, respectively; each pledged as collateral for the Rural Development Loan Program (RDLP) notes payable.



Notes to Basic Financial Statements
(tabular dollar amounts are in thousands)

General Program investments of \$75,900,000 include investments pledged as of December 31, 2010 as follows: a \$47,200,000 certificate of deposit pledged to the FHLB line of credit, \$3,581,000 GNMA security, COLOTRUST investments of RDLP, RDLP II & RDLP V in the amounts of \$247,000, \$482,000 and \$5,325, respectively; each pledged as collateral for the of Rural Development Loan Program (RDLP) notes payable.

All Single-Family and Multi-Family/Business Program investments, which total \$874,954,000, are restricted under bond indentures or other debt agreements, or otherwise pledged as collateral for borrowings.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority's investment policy requires 1) staggered maturities to avoid undue concentrations of assets in a specific maturity sector, 2) stable income, 3) adequate liquidity to meet operations and debt service obligations, and 4) diversification to avoid overweighting in any one type of security.

Credit Risk – The following table provides credit ratings of the Authority's investments as determined by Standard and Poor's and/or Moody's Investors Service.

Investment Type	2011		2010	
	Rating	Total	Rating	Total
Certificate of Deposit	Not Rated	\$ 2,700	Not Rated	\$ 47,200
External investment pool	AAA	100,336	AAA/Aaa	105,095
Investment agreements - collateralized	-	-	Not Rated	30,842
Investment agreements - uncollateralized	AA/Aa	49,840	N/A	-
Investment agreements - uncollateralized	A/Aa	45,533	N/A	-
Investment agreements - uncollateralized	AAA/Aaa	27,970	N/A	-
Investment agreements - uncollateralized	AA/Aaa/Aa/Baa/NR	15,502	Not Rated	162,268
Money market mutual fund	AAA/Aaa/NR	275,372	AAA/Aaa/Aa/NR	318,657
Repurchase agreements	Not Rated	67,476	Not Rated	4,313
State and political subdivision obligations	AAA/Aaa/AA	2,587	AAA/Aaa/AA/Baa/Aa	3,038
U.S. government agencies	AA/Aaa/U.S. Treasury	296,696	AAA/Aaa	200,860
U.S. Treasury	AA/Aaa	658	AAA/Aaa	588
Total		\$ 884,670		\$ 872,861

Of the investments in securities issued by state and political subdivisions, 47% are rated AAA. Investment agreements meet the requirements of the rating agency providing the rating on the related debt issue and of the Board's investment policy.

As of December 31, 2011 and 2010, the Authority had invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local governmental entities in Colorado to pool funds available for investment. COLOTRUST is reflected in the above tables as an external investment pool. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. COLOTRUST operates similarly to a money market fund and each share's fair value is \$1.00.



Notes to Basic Financial Statements
(tabular dollar amounts are in thousands)

Concentration of Credit Risk – The Authority has various maximum investment limits both by type of investment and by issuer to prevent inappropriate concentration of credit risk. The following table provides information on issuers in which the Authority has investments representing more than 5% of its total investments or of the respective funds, as of December 31, 2011 and 2010.

Issuer	2011	2010
Certificate of deposit - FHLB	2.79%	7.82%
U.S. government agencies - FHLMC	6.76%	5.94%
U.S. government agencies - FNMA	5.93%	5.50%
Investment agreements - uncollateralized - IXIS	14.01%	10.83%
Investment agreements - uncollateralized - Trinity	4.74%	6.30%

Custodial Credit Risk – Investments – Custodial credit risk is the risk that, in the event of the failure of the custodian, the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of the custodian. All securities owned by the Authority are either in the custody of the related bond indenture trustees or held in the name of the Authority by a party other than the issuer of the security.

Custodial Credit Risk – Cash Deposits – In the case of cash deposits, custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. All deposit accounts were either covered by the Federal Deposit Insurance Corporation or collateralized in accordance with the State of Colorado's Division of Banking's Public Deposit Protection Act.

Included in cash deposits are escrow deposits in the amount of \$24,652,000 and \$25,586,000 held in a fiduciary capacity as of December 31, 2011 and 2010, respectively. These escrow deposits are primarily held for the payment of property taxes and insurance on behalf of the mortgagors whose loans are owned or serviced by the Authority.



Notes to Basic Financial Statements
(tabular dollar amounts are in thousands)

(3) Loans Receivable, Related Allowances and Troubled Debt Restructuring

Loans receivable and loans receivable held for sale at December 31, 2011 and 2010 consist of the following:

	2011	2010
General Programs	\$ 222,249	\$ 233,313
Single Family Programs:		
Program Senior and Subordinate	54,300	63,267
Mortgage	1,285,980	1,569,295
Total Single Family Program loans	1,340,280	1,632,562
Multi-Family/Business Programs:		
Insured Mortgage Revenue	49,697	74,039
Multi-Family/Project	727,057	751,656
Total Multi-Family/Business Program loans	776,754	825,695
Less intercompany loans, included in Multi-Family/Project above	(16,852)	(17,640)
Total	2,322,431	2,673,930
Payments in process	111	(2,407)
Deferred cash assistance expense	6,082	6,635
Deferred fee income	(8,150)	(8,960)
Allowance for loan losses	(17,423)	(19,737)
Total loans receivable, net and loans receivable held for sale	\$ 2,303,051	\$ 2,649,461

Substantially all loans are restricted by bond indentures or other debt agreements.

Loans in the Single-Family Program and the Multi-Family/Business Program in the table above are grouped based on the related bond type (see note 6 for additional information).

During 2011, the Authority securitized and sold \$46.6 million single family loans for a gain. The gain is reported in gain on sale of loans in the accompanying statement of revenue, expense and changes in net position.

General Program loans include single-family, multi-family and business finance loans acquired under various programs of the General Program, loans to be sold through the issuance of GNMA securities, loans held as investments, and loans backed by bonds within the General Program. These loans are typically collateralized by mortgages on real property and improvements. Certain of these loans are also guaranteed by agencies of the U.S. government.

Single-family bond program loans are collateralized by mortgages on applicable real property, and in the case of loans with an initial loan-to-value ratio of 80% or more, are generally either insured by the Federal Housing Administration (FHA) or guaranteed by the Veterans Administration (VA) or Rural Economic and Community Development Department (RD) or insured by private mortgage insurance.

The single-family loan portfolio included in the general and single-family programs as of December 31, 2011 comprised of \$926 million of FHA insured loans, \$84 million of VA guaranteed loans, \$39 million of RD loans, \$249 million of conventional insured loans with the balance of \$168 million made up of uninsured conventional and second mortgage loans. The single-



Notes to Basic Financial Statements
(tabular dollar amounts are in thousands)

family loan portfolio included in the general and single-family programs as of December 31, 2010 comprised of \$1.1 billion of FHA insured loans, \$110 million of VA guaranteed loans, \$46 million of RD loans and \$292 million of conventional insured loans with the balance of \$202 million made up of uninsured conventional and second mortgage loans. The Authority is exposed to operational risk, which makes it subject to loss or repurchase of insured FHA loans if specific guidelines are not met. In 2011, the Authority recorded a reserve of \$458 thousand for claim refunds to be paid to the U.S. Department of Housing and Urban Development ("HUD"). No reserve was recorded in 2010.

As of December 31, 2011 and 2010, single-family mortgage loans with pending foreclosure actions have aggregate principal balances of approximately \$96.6 million and \$61.7 million, respectively. As of December 31, 2011 and 2010, the aggregate principal balance of single-family mortgage loans delinquent 60 days or greater, excluding REOs, was approximately \$136.6 million and \$137.3 million, respectively.

The Multi-family/Business Program loans and a portion of General Program loans are commercial loans. Commercial loans are collateralized by mortgages on applicable real estate and, in some cases, are insured by an agency of the U.S. government, which reduces the credit risk exposure for that type of insured loan.

As of December 31, 2011, approximately \$530 million, or 75%, of the commercial loan balances are not covered by insurance. As of December 31, 2011, the insured loans comprised of \$240 million of Section 542(c) risk share loans, which are 50% insured, and \$40 million of Sections 221(d) and 223(f) new construction and rehabilitation loans, which are 99% insured.

As of December 31, 2010, the insured loans are comprised of \$253 million of Section 542(c) risk share loans, which are 50% insured, and \$58 million of Sections 221(d) and 223(f) new construction and rehabilitation loans, which are 99% insured. The remaining balances were uninsured.

As of December 31, 2011 and 2010, commercial loans with pending foreclosure actions have aggregate principal balances of approximately \$0.0 million and \$4.5 million, respectively. As of December 31, 2011 and 2010, commercial loans delinquent 60 days or greater aggregate principal balances were approximately \$4.1 million and \$6.1 million, respectively.

Activity in the allowance for loan loss for the years ended December 31, 2011 and 2010 was as follows:

	<u>2011</u>	<u>2010</u>
Beginning balance	\$ 19,737	\$ 20,759
Provision	9,036	6,521
Net charge-offs		
Single-family	(8,568)	(3,840)
Multi-family/Business	(2,782)	(3,703)
Ending balance	<u>\$ 17,423</u>	<u>\$ 19,737</u>

The Authority services loans on the behalf of others, primarily for Ginnie Mae, which are not reported on the Statement of Net Position. As of December 31, 2011 and 2010, these outstanding loan balances were \$1.0 billion and \$695.3 million, respectively.



Notes to Basic Financial Statements
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The Authority has granted terms and interest rate concessions to Debtors, which are considered troubled debt restructuring, as of December 31, 2011 and 2010, as summarized below:

Single Family Program Loans:	2011	2010
Aggregate Recorded Balance - TDRs	\$51,775	\$15,368
Number of TDR Loans	347	116
Gross Interest Revenue if Receivables had been current	\$3,124	\$957
Interest Revenue included in Changes in Net Position	\$1,936	\$855

Single Family Program TDRs increased due to continuing difficult economic conditions for borrowers.

Multi-Family/Business Program Loans:	2011	2010
Aggregate Recorded Balance - TDRs	\$29,008	\$42,711
Number of TDR Loans	35	37
Gross Interest Revenue if Receivables had been current	\$1,803	\$2,922
Interest Revenue included in Changes in Net Position	\$1,748	\$2,681

Multi-Family/Business Program TDRs decreased primarily due to loan payoffs.



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(tabular dollar amounts are in thousands)

(4) Capital Assets and Rental Acquisition Program (RAP)

Capital asset activity for the year ended December 31, 2011 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Non-depreciable capital assets:				
Land	\$ 4,785	\$ -	\$ -	\$ 4,785
Construction in progress	762	619	(1,140)	241
Total non-depreciable capital assets	5,547	619	(1,140)	5,026
Depreciable capital assets:				
Computer equipment/software	12,416	1,107	-	13,523
Furniture and equipment	995	72	-	1,067
Rental property - non-building related	2,021	421	(271)	2,171
Buildings and related improvements	27,718	54	-	27,772
Total depreciable capital assets	43,150	1,654	(271)	44,533
Less accumulated depreciation:				
Computer equipment/software	(7,571)	(2,226)	-	(9,797)
Furniture and equipment	(398)	(115)	-	(513)
Rental property - non-building related	(816)	(242)	241	(817)
Buildings and related improvements	(13,171)	(1,101)	-	(14,272)
Total accumulated depreciation	(21,956)	(3,684)	241	(25,399)
Total depreciable capital assets, net	21,194	(2,030)	(30)	19,134
Total capital assets, net	\$ 26,741	\$ (1,411)	\$ (1,170)	\$ 24,160



Notes to Basic Financial Statements
(tabular dollar amounts are in thousands)

Capital asset activity for the year ended December 31, 2010 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Non-depreciable capital assets:				
Land	\$ 4,785	\$ -	\$ -	\$ 4,785
Construction in progress	196	1,250	(684)	762
Total non-depreciable capital assets	4,981	1,250	(684)	5,547
Depreciable capital assets:				
Computer equipment/software	11,694	722	-	12,416
Furniture and equipment	1,091	53	(149)	995
Rental property - non-building related	2,087	173	(239)	2,021
Buildings and related improvements	27,568	634	(484)	27,718
Total depreciable capital assets	42,440	1,582	(872)	43,150
Less accumulated depreciation:				
Computer equipment/software	(5,367)	(2,204)	-	(7,571)
Furniture and equipment	(408)	(139)	149	(398)
Rental property - non-building related	(790)	(265)	239	(816)
Buildings and related improvements	(12,270)	(1,165)	264	(13,171)
Total accumulated depreciation	(18,835)	(3,773)	652	(21,956)
Total depreciable capital assets, net	23,605	(2,191)	(220)	21,194
Total capital assets, net	\$ 28,586	\$ (941)	\$ (904)	\$ 26,741



Notes to Basic Financial Statements
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As discussed in note 1(c), the Authority's capital assets consist of two groups; corporate capital assets and RAP capital assets. Summary of capital asset activity for these two groups for the year ended December 31, 2011 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Corporate activities:				
Cost	\$ 23,501	\$ 1,834	\$ (1,140)	\$ 24,195
Accumulated depreciation	(11,216)	(2,745)	-	(13,961)
Net	12,285	(911)	(1,140)	10,234
RAP activities:				
Cost	25,196	439	(271)	25,364
Accumulated depreciation	(10,740)	(939)	241	(11,438)
Net	14,456	(500)	(30)	13,926
Total capital assets, net	\$ 26,741	\$ (1,411)	\$ (1,170)	\$ 24,160

Summary of capital asset activity for these two components for the year ended December 31, 2010 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Corporate activities:				
Cost	\$ 22,344	\$ 2,072	\$ (915)	\$ 23,501
Accumulated depreciation	(8,696)	(2,749)	229	(11,216)
Net	13,648	(677)	(686)	12,285
RAP activities:				
Cost	25,077	760	(641)	25,196
Accumulated depreciation	(10,139)	(1,024)	423	(10,740)
Net	14,938	(264)	(218)	14,456
Total capital assets, net	\$ 28,586	\$ (941)	\$ (904)	\$ 26,741



Notes to Basic Financial Statements
(tabular dollar amounts are in thousands)

Summary of financial information for the Authority's RAP activities as of December 31, 2011 and 2010 was as follows:

For the years ended December 31,	2011	2010
Property, net of accumulated depreciation	\$ 13,926	\$ 14,456
Total assets	19,334	18,210
Total liabilities	14,348	14,754
Net position	4,986	3,456

For the years ended December 31,	2011	2010
Rental income	\$ 8,096	\$ 7,656
Gain (loss) on sale of capital assets	(30)	128
Interest income	7	7
General operating expenses	(4,544)	(5,176)
Depreciation expense	(939)	(1,024)
Interest expense	(1,060)	(1,093)
Operating income	\$ 1,530	\$ 498

(5) Short-Term Debt

The Authority has agreements with the Federal Home Loan Bank of Topeka (FHLB) for collateralized borrowings in an amount not to exceed the lending limit internally established by the FHLB, which is 40% of the Authority's total assets, or \$1.3 billion. As of December 31, 2011 and 2010, the Authority had \$46.1 million and \$87.9 million of short-term debt outstanding with the FHLB, respectively. Borrowings under these agreements are used to support the Authority's various lending programs, to purchase loans to be sold through the issuance of GNMA securities and activities related to the Authority's private activity bond volume cap preservation program. Amounts drawn under the agreements bear interest at the same rates charged by the FHLB to its member banks and are collateralized by certain mortgage loans and investments. There are no commitment fees associated with these agreements.

The Authority also has a revolving, unsecured, commercial bank line of credit agreement for borrowings of up to \$30.0 million. Amounts drawn under the agreement bear interest fixed at 1.95% per annum above the daily One-Month LIBOR. This line of credit agreement terminates on September 30, 2012. The Authority pays an unused line fee at the rate of 0.25% per annum, payable in arrears on the first business day after each calendar quarter. The fee is based upon the amount by which the daily average of the aggregate principal amount of the borrowings outstanding is less than the line of credit.



Notes to Basic Financial Statements
(tabular dollar amounts are in thousands)

Short-term debt activity for the years ended December 31, 2011, and 2010 was as follows:

	<u>2011</u>	<u>2010</u>
Beginning Balance	\$ 87,900	\$ 73,250
Additions	5,228,735	4,467,100
Repayments	<u>(5,270,535)</u>	<u>(4,452,450)</u>
Ending Balance	<u>\$ 46,100</u>	<u>\$ 87,900</u>

(6) Bonds, Notes Payable and Other Liabilities

The Authority issues bonds and notes payable to finance its lending programs. Proceeds from long-term debt of the Single Family and Multi-Family/Business bonds are used for funding of single-family, multi-family and business loans. Long-term debt of the General Programs (including notes payable) is used to finance single-family and business loans related to various private placements, the Authority's RAP activities and general corporate purposes. The aggregate principal amounts of bonds and notes payable outstanding as of December 31, 2011 and 2010, are shown in the table on the following pages. Interest is payable semi-annually unless otherwise noted. Interest rates on most of the variable rate debt reset on a weekly basis by the remarketing agents. At December 31, 2011 these rates ranged from 0.08% to 1.85%. At December 31, 2010 these rates ranged from 0.27% to 0.54%. Three of the bond series reset on a monthly basis based on LIBOR, and one bond sub-series resets monthly based on the Securities Industry Financial Markets Association Municipal Swap Index (SIFMA).



Notes to Basic Financial Statements
(tabular dollar amounts are in thousands)

Description and Maturity Date	Interest rate (%)	2011	2010
Bonds payable:			
General Programs - All General Program bonds carry the Authority's general obligation pledge:			
Single Family:			
Taxable Mortgage Revenue Bonds: (* principal and interest payable monthly)			
2000 Series A* 2012 - 2020	6.91	\$ 358	\$ 384
2001 Series AP* 2012 - 2021	6.14	1,220	1,287
2004 Series A* 2012 - 2024	4.95	815	1,043
2004 Series B* 2012 - 2035	4.98	2,075	2,337
2004 Series CV* 2012 - 2035	5.14	1,146	1,494
2005 Series A* 2012 - 2035	5.17	5,135	6,252
2005 Series B* 2012 - 2036	5.32	4,651	5,353
2006 Series A* 2012 - 2036	5.92	5,774	6,786
2007 Series A* 2012 - 2037	5.50	4,672	5,704
2011 Series A* 2012 - 2031	2.92	4,678	-
Total Single Family		30,524	30,640
Multi-Family/Business Finance:			
Guaranteed Loan Participation Purchase Bonds: (* principal and interest payable monthly)			
1999 Series A 2012-2024	5.71	491	521
2003 Series A* 2012-2023	5.00	193	1,539
2004 Series A* 2012-2024	4.62	935	1,995
2004 Series B* 2012-2024	4.88	4,652	5,991
2005 Series A* 2012-2025	4.81	2,241	2,524
2006 Series A* 2012-2026	5.98	2,366	3,158
2007 Series A* 2012-2027	5.89	1,933	3,290
Total Guaranteed Loan Participation Purchase Bonds		12,811	19,018
Project Loan Participation Purchase Bonds: (* principal and interest payable monthly)			
2004 Series AP* 2012-2024	4.90	3,556	4,497
Taxable Rental Project Revenue Bonds: (* principal and interest payable monthly)			
2000 Series A 2012-2020	6.15	3,799	3,844
2002 Series AV* 2012-2022	5.55	5,176	5,476
2003 Series AV* 2012-2024	5.19	3,332	3,428
2004 Series A* 2012-2024	4.90	11,087	11,483
Total Taxable Rental Project Revenue Bonds		23,394	24,231
Total Multi-Family/Business Finance		39,761	47,746
Total General Programs		70,285	78,386

Table continued on following page.



Notes to Basic Financial Statements
(tabular dollar amounts are in thousands)

Description and Maturity Date	Interest rate (%)	2011	2010
Single Family Program:			
Single Family Program Senior and Subordinate Bonds:			
1998 Series A 2012 - 2029	6.50 - 6.60	1,820	2,365
1998 Series B 2012 - 2029	5.50	2,198	2,748
1998 Series C 2012 - 2029	5.63	3,698	3,900
1998 Series D 2012 - 2029	6.13 - 6.35	2,935	3,815
1999 Series A 2012 - 2030	6.05 - 6.45	3,340	4,300
1999 Series B 2012 - 2030	6.50 - 6.80	1,075	1,660
1999 Series C 2012 - 2031	6.75 - 7.05	2,810	3,715
2000 Series A 2012 - 2031	7.35 - 7.50	1,480	1,730
2000 Series B 2012 - 2031	6.70 - 7.25	1,630	1,905
2000 Series C 2012 - 2031	5.70 - 8.40	1,040	1,355
2000 Series D 2012 - 2032	5.40 - 6.90	1,905	2,620
2000 Series E 2012 - 2032	5.38 - 7.00	1,780	1,980
2001 Series A 2012 - 2032	5.00 - 6.50	4,345	4,715
2001 Series B 2012 - 2033	5.00 - 6.80	5,160	5,870
2001 Series C 2012 - 2033	4.88 - 6.60	6,505	7,610
Total Single Family Program Senior and Subordinate Bonds		41,721	50,288
Single Family Mortgage Bonds: (* rates on the 2011 Series D bonds increase if the bond rating is downgraded)			
2001 Series AA 2012 - 2041	Variable & 5.25	111,840	111,840
2002 Series A 2012 - 2032	Variable & 5.00 - 5.65	33,895	36,190
2002 Series B 2012 - 2032	Variable & 4.80 - 5.40	31,765	58,400
2002 Series C 2012 - 2036	Variable & 4.40 - 4.95	39,485	67,550
2003 Series A 2012 - 2032	Variable & 4.75 - 5.15	29,065	33,170
2003 Series B 2012 - 2033	Variable & 5.00	102,845	120,385
2003 Series C 2012 - 2032	Variable & 5.00	43,125	62,765
2004 Series A 2012 - 2034	Variable & 5.25	42,190	72,900
2004 Series B 2012 - 2034	Variable & 5.25	34,585	64,615
2005 Series A 2012 - 2035	Variable & 5.25	38,095	64,890
2005 Series B 2012 - 2036	Variable & 4.98 - 5.22	68,490	124,770
2006 Series A 2012 - 2036	Variable & 5.00	77,350	82,600
2006 Series B 2012 - 2036	Variable & 5.10	115,520	145,495
2006 Series C 2012 - 2036	Variable & 4.63	97,830	125,125
2007 Series A 2012 - 2037	Variable & 4.80	100,295	145,115
2007 Series B 2012 - 2038	Variable	136,370	174,780
2008 Series A 2012 - 2038	Variable & 5.00 - 5.75	194,790	302,420
2009 Series A 2012 - 2029	2.95 - 5.50	69,570	78,900
2011 Series AA 2012 - 2041	0.60 - 5.00	96,415	-
2011 Series B 2012 - 2014	Variable = 1 month LIBOR + (0.70 - 0.90)	64,180	-
2011 Series C 2012 - 2013	Variable = 1 month LIBOR + 0.60	108,970	-
2011 Series D 2012 - 2016	Variable & SIFMA + 0.70, 75% LIBOR + 0.80*	54,085	-
Total Single Family Mortgage Bonds		1,690,755	1,871,910
Single Family Program Bonds:			
2009 Series AA 2015	Variable - NIBP	216,410	275,210
Total Single Family Program		1,948,886	2,197,408

Table continued on following page.



Notes to Basic Financial Statements
(tabular dollar amounts are in thousands)

Description and Maturity Date	Interest rate (%)	2011	2010
Multi-Family/Business Program:			
Multi-Family Housing Insured - Mortgage Revenue Bonds:			
1997 Series A 2012-2038	5.75 - 7.13	-	1,540
1997 Series B 2012-2038	5.70 - 5.90	3,915	10,220
1997 Series C 2012-2039	5.60 - 5.75	8,715	20,965
1998 Series A 2012-2039	5.35 - 6.70	9,220	15,050
1998 Series B 2012-2040	5.45 - 7.00	1,525	6,750
1999 Series A 2012-2041	4.55 - 6.65	17,920	18,130
1999 Series B 2012-2041	5.25 - 5.85	5,075	5,135
1999 Series C 2012-2041	6.05 - 6.20	5,565	5,610
2002 Series AA 2012-2030	Variable	25,420	26,820
Total Multi-Family Housing Insured - Mortgage Revenue Bonds		77,355	110,220
Multi-Family/Project Bonds: (* principal and interest payable quarterly on some of the bonds)			
2000 Series A 2012 - 2030	Variable	18,110	21,715
2000 Series B* 2012 - 2042	Variable & 5.90 - 6.10	25,410	25,790
2001 Series A 2012 - 2043	5.30 - 5.65	22,710	24,560
2002 Series A 2012 - 2042	Variable & 5.70	22,150	22,585
2002 Series C 2012 - 2042	Variable & 4.20 - 5.30	108,660	111,575
2003 Series A 2012 - 2033	Variable	37,210	38,235
2004 Series A 2012 - 2045	Variable & 3.60 - 4.80	73,255	76,470
2005 Series A 2012 - 2040	Variable	63,730	65,390
2005 Series B 2012 - 2040	Variable	25,065	25,650
2006 Series A 2012 - 2036	Variable	51,815	53,305
2007 Series B 2012 - 2038	Variable	78,545	84,000
2008 Series A 2012 - 2043	Variable	30,775	31,470
2008 Series B 2012 - 2052	Variable	163,505	164,905
2008 Series C 2012 - 2038	Variable	34,650	34,940
2009 Series A 2012 - 2041	Variable & 1.30 - 5.40	41,630	44,605
Total Multi-Family/Project Bonds		797,220	825,195
Total Multi-Family/Business Program		874,575	935,415
Total bonds payable		2,893,746	3,211,209
Premiums and losses classified as bonds payable			
Deferred premiums		3,273	3,311
Deferred losses on refunding		(15,147)	(5,004)
Bonds payable, net		2,881,872	3,209,516
Notes payable		7,535	6,252
Bonds and notes payable, net		\$ 2,889,407	\$ 3,215,768
Statement of Net Position Summary			
Current:			
Bonds payable		321,512	299,187
Notes payable		104	79
Noncurrent:			
Bonds and notes payable, net		2,567,791	2,916,502
Total		\$ 2,889,407	\$ 3,215,768



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A breakdown of bonds payable as of December 31, 2011 and 2010, by fixed and variable interest rates, follows in the table below. Certain of the Authority's variable rate debt has been hedged by entering into pay fixed/receive variable rate interest rate swap agreements as further described in note 8. Such debt is referred to in the table as synthetic fixed rate debt.

Description	2011	2010
Fixed rate debt	\$ 552,332	\$ 555,879
Hedged variable rate (synthetic fixed) debt	1,944,459	2,088,735
Unhedged variable rate debt	396,955	566,595
Total	\$ 2,893,746	\$ 3,211,209

Included in certain of the bond issues shown in the previous table are capital appreciation term bonds. The principal amounts of these bonds appreciate based on semiannual compounding of the original principal balances at the interest rates specified. The appreciated balances of these bonds at maturity, and as reflected in the accompanying Statement of Net Position at December 31, 2011, are as follows:

Description and due date	Interest Rate (%)	Appreciated Balances	
		Maturity	2011
Single Family Program Senior and Subordinate Bonds:			
1998 Series B - 2025-2029	5.50	\$ 5,046	\$ 2,198
1998 Series C - 2020-2029	5.63	7,459	3,698
			<u>\$ 5,896</u>

The appreciated balances of these bonds at maturity, and as reflected in the accompanying Statement of Net Position at December 31, 2010, are as follows:

Description and due date	Interest Rate (%)	Appreciated Balances	
		Maturity	2010
Single Family Program Senior and Subordinate Bonds:			
1998 Series B - 2025-2029	5.50	\$ 6,053	\$ 2,498
1998 Series C - 2020-2029	5.63	8,313	3,900
			<u>\$ 6,398</u>



Notes to Basic Financial Statements
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Also included in the table of bonds and notes payable outstanding are certain Single-Family and Multi-Family/Project bonds, which carry the Authority's general obligation pledge. These general obligation bonds are presented in the following table as of December 31, 2011 and 2010:

Description	2011	2010
General Fund Program Bonds	\$ 70,285	\$ 78,386
Single Family Program Subordinate Bonds	310	505
Single Family Mortgage Bonds, Class III	53,480	63,525
Multi-Family/Project Bonds, Class I	265,430	272,145
Multi-Family/Project Bonds, Class II	22,095	22,625
Multi-Family/Project Bonds, Class III	1,700	2,040
Total	\$ 413,300	\$ 439,226

Standby Purchase Agreements provide liquidity support on variable rate bonds that are remarketed weekly. The liquidity/commitment fees vary by agreement and are based on a percentage of the outstanding bond balance, payable semi-annually. Liquidity fees for the years ended December 31, 2011 and 2010 were \$10.2 and \$8.5 million, respectively. A schedule of providers and maturities is presented below, as of December 31, 2011:

Liquidity Expiration	Barclays Bank PLC. (1)	Credit Agricole - CIB (2)	FHLB (3)	KBC Bank N.V. (4)	Royal Bank of Canada (5)	TCLP (6)	Grand Total
04/12	\$ -	\$ -	\$ 29,950	\$ -	\$ -	\$ -	\$ 29,950
08/12	-	78,545	-	-	-	-	78,545
09/12	106,320	-	-	-	-	-	106,320
09/12	-	-	64,925	-	-	-	64,925
10/12	-	-	-	50,000	-	-	50,000
04/13	-	-	45,875	-	-	-	45,875
04/13	-	-	30,775	-	-	-	30,775
05/13	-	-	16,425	-	-	-	16,425
06/13	-	-	163,505	-	-	-	163,505
09/13	-	-	37,210	-	-	-	37,210
10/13	-	-	1,720	-	-	-	1,720
11/13	-	-	100,640	-	-	-	100,640
12/13	-	-	25,065	-	-	-	25,065
12/13	-	-	94,650	-	-	-	94,650
03/14	-	-	18,110	-	-	-	18,110
05/14	-	-	62,140	-	-	-	62,140
06/14	-	-	112,270	-	-	-	112,270
06/14	-	-	171,315	-	-	-	171,315
10/14	-	-	-	-	190,930	-	190,930
12/15	-	-	-	-	-	492,305	492,305
Total	\$ 106,320	\$ 78,545	\$ 974,575	\$ 50,000	\$ 190,930	\$ 492,305	\$ 1,892,675

The following provides the terms of the debt service requirements that would result if the SBPA commitments were to be exercised (bank bond rate, accelerated payment schedule, and lien):

- (1) (a) Bank Rate: for the first 30 days following the purchase date, the "Base Rate" which equals the highest of the Fed funds plus 5%, prime rate plus 5% and Three-Month LIBOR plus 5%; then for the period 31-90 days following the purchase date, the Base Rate plus 2.00%; then for the period 91 days and higher following the purchase date, 12%.
 - (b) Term out provisions: accelerated principal payment due in full on the date which is three years following the purchase date. Class III lien/General Obligation.
- (2) (a) Bank Rate: the higher of (a) prime rate or (b) Fed funds rate plus 1%.
 - (b) Term out provisions: repayments due 90 days following purchase date in equal semiannual installments until fifth anniversary of the purchase date. Class I lien.



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- (3) (a) Bank Rate: One-Month LIBOR plus 2.00% (1.50% for 2003 Series B-3 Bonds).
 (b) Term out provisions: repayments due 90 days following purchase date in equal semiannual installments until fifth anniversary of the purchase date. Class III lien/General Obligation.
- (4) (a) Bank Rate: the higher of (a) prime rate or (b) Fed funds rate plus 1%.
 (b) Term out provisions: 10 equal semiannual installments following the purchase date. Class III lien/General Obligation.
- (5) (a) Bank Rate: for the first 90 days following the purchase date, the "Base Rate" which equals the highest of (i) the prime rate plus 2.50%, (ii) the Fed funds rate plus 3.00% and (iii) 8.00%; then for the period 91-180 days following the purchase date, the Base Rate plus 1.00%; then for the period 181 days and higher following the purchase date, the Base Rate plus 2.00%.
 (b) Term out provisions: repayments due on the first business day of February, May, August or November on or following 90 days following purchase date and thereafter quarterly on each such dates in equal installments to the third anniversary of such purchase date. Class I lien.
- (6) (a) Bank Rate: prime rate (based on JPMorgan Prime Rate) plus 1.00%.
 (b) Term out provisions: accelerated principal payment due in full on tenth anniversary of the purchase date. Class I lien.

Bonds, notes payable and other noncurrent liability activity for the year ended December 31, 2011 was as follows:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable	\$ 2,911,864	\$ 266,435	\$ (606,758)	\$ 2,571,541	\$ 322,205
Deferred premiums	3,002	-	(95)	2,907	366
Deferred losses on refunding	(4,537)	(11,450)	1,899	(14,088)	(1,059)
Net bonds payable	2,910,329	254,985	(604,954)	2,560,360	321,512
Notes payable	6,173	1,388	(130)	7,431	104
Arbitrage rebate payable	2,942	1,006	(2,469)	1,479	-
Deferred income	3,041	12	(331)	2,722	195
Other liabilities	2,784	19,006	(2,050)	19,740	17,009
	8,767	20,024	(4,850)	23,941	17,204
	\$ 2,925,269	\$ 276,397	\$ (609,934)	\$ 2,591,732	\$ 338,820



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Bonds, notes payable and other noncurrent liability activity for the year ended December 31, 2010 was as follows:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable	\$ 3,164,517	\$ 275,210	\$ (527,863)	\$ 2,911,864	\$ 299,345
Deferred premiums	4,458	-	(1,456)	3,002	309
Deferred losses on refunding	(5,425)	-	888	(4,537)	(467)
Net bonds payable	3,163,550	275,210	(528,431)	2,910,329	299,187
Notes payable	20,968	125	(14,920)	6,173	79
Arbitrage rebate payable	3,731	(757)	(32)	2,942	-
Deferred income	3,176	228	(363)	3,041	217
Other liabilities	2,996	-	(212)	2,784	35,009
	9,903	(529)	(607)	8,767	36,258
	\$ 3,194,421	\$ 274,806	\$ (543,958)	\$ 2,925,269	\$ 335,524

Bonds and notes payable sinking fund installments and contractual maturities subsequent to December 31, 2011, using rates in effect as of December 31, 2011, are as follows:

Years Ending December 31,	General Program		Single Family		Multi-Family		Notes Payable	
	Principal	Interest	Principal *	Interest	Principal	Interest	Principal	Interest
2012	\$ -	\$ 3,633	\$ 312,540	\$ 20,389	\$ 9,665	\$ 9,068	\$ 104	\$ 11
2013	-	3,633	100,655	19,407	10,175	8,867	104	10
2014	90	3,633	72,125	18,347	11,385	8,680	5,342	9
2015	179	3,625	55,005	17,754	11,895	8,553	106	8
2016	186	3,614	85,625	17,312	12,620	8,426	1,302	7
2017-2021	4,922	17,543	296,232	77,397	87,335	39,670	442	18
2022-2026	34,844	11,868	179,679	63,427	74,965	34,132	135	3
2027-2031	6,611	7,129	251,228	43,324	126,030	27,519	-	-
2032-2036	18,781	5,386	350,970	20,142	235,365	20,136	-	-
2037-2041	4,672	236	251,435	10,991	125,205	8,516	-	-
2042-2046	-	-	-	-	6,430	1,438	-	-
2047-2051	-	-	-	-	-	1,308	-	-
2052	-	-	-	-	163,505	152	-	-
T total	\$ 70,285	\$ 60,300	\$ 1,955,494	\$ 308,490	\$ 874,575	\$ 176,465	\$ 7,535	\$ 66

* Includes \$6.6 million of future accretion of principal value on capital appreciation bonds.

In response to capital market disruptions nationally, in late 2009 the U.S. Department of the Treasury announced a plan to assist Housing and Finance Authorities (HFAs) through a two-part initiative: a new bond purchase program called the New



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Issue Bond Program ("NIBP") to support new lending by HFAs and a temporary credit and liquidity program ("TCLP") to improve the access of HFAs to liquidity for outstanding HFA bonds.

The NIBP provided financing for HFAs to issue new mortgage revenue bonds no later than December 31, 2011. Pursuant to the NIBP, the Authority issued its Single Family Program Class I Bonds in the amount of \$275,210,000 on January 12, 2010. Using authority under the Housing and Economic Recovery Act of 2008 ("HERA"), Treasury purchased securities of Fannie Mae and Freddie Mac backed by these mortgage revenue bonds. The bonds initially carry variable interest rates that approximate the investment interest rates earned from the investment of bond proceeds. The bonds must be converted to fixed rate debt, concurrent with the issuance of other mortgage revenue bonds by the Authority or redeemed no later than December 31, 2015. As of December 31, 2011, \$216,410,000 NIBP bonds had not been converted.

The TCLP allows Fannie Mae and Freddie Mac to provide replacement credit and liquidity facilities to HFAs. The Treasury will backstop the replacement credit and liquidity facilities for the HFAs by purchasing an interest in them using HERA authority. The TCLP was set to expire December 31, 2012 but was extended to December 31, 2015 subject to submission and acceptance of a plan to extinguish TCLP facilities by the new expiration date. Plans are due in 2012 and CHFA is in the process of submitting its plan to the sponsoring entities. Pursuant to the TCLP, the Authority utilized \$903,685,000 to replace Standby Purchase Agreements on its variable rate bonds that are remarketed weekly, of which \$492,305,000 and \$814,085,000 was outstanding as of December 31, 2011 and 2010, respectively. The Authority plans to replace the TCLP facility with liquidity facilities provided by other banks or convert the underlying variable rate bonds to fixed rate bonds or to variable-rate debt that does not require standby liquidity.

(7) Conduit Debt Obligation

The Authority has issued certain conduit bonds, the proceeds of which were made available to various developers and corporations for rental housing and commercial purposes. The bonds are payable solely from amounts received by the trustees from the revenue earned by the developers and corporations. Loan and corresponding debt service payments are generally guaranteed by third-party irrevocable direct-pay letters of credit or other credit enhancement arrangements. The faith and credit of the Authority is not pledged for the payment of the principal or interest on the bonds. Accordingly, these obligations are excluded from the Authority's financial statements.

As of December 31, 2011, there were 68 series of bonds outstanding, with an aggregate principal amount outstanding of \$407,326,000. As of December 31, 2010, there were 67 series of bonds outstanding, with an aggregate principal amount outstanding of \$412,413,000.

(8) Derivative Instruments

The Authority reports derivative instruments at fair value. The fair value of all derivatives is reported on the Statement of Net Position as a derivative instrument at the end of the year. If the interest rate hedge is considered ineffective, an investment derivative, the change in fair value is reported on the Statement of Revenues, Expenses and Changes in Net Position as investment derivative activity loss. The annual changes in the fair value of effective hedging derivative instruments are reported as deferred inflows and outflows, as appropriate, on the Statement of Net Position.

Swaps Transactions - The Authority has entered into pay fixed, receive variable interest rate swaps in order to (1) provide lower cost fixed rate financing for its production needs through synthetic fixed rate structures and (2) utilize synthetic fixed rate structures with refunding bonds in order to generate cash flow savings. The objective of the swaps is to hedge interest rate risk.

The fair values take into consideration the prevailing interest rate environment and the specific terms and conditions of each swap. All fair values were estimated using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the yield curve are the market's best



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estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero coupon rate bonds due on the date of each future net settlement payment on the swaps.

- (a) The Authority's interest rate swaps, which were used to hedge interest rate risk, are considered to be hedging derivative instruments under GASB No. 53, with the exception of Single Family Swap 2001-AA which is considered to be an investment derivative instrument.
- (b) In 2011, the Authority early adopted GASB No. 64, which designates specific circumstances where hedge accounting may continue after the termination of the hedging derivative instrument. As a result, the 2010 financial statements were restated; see New Accounting Principles in note 1.
- (c) On November 10, 2011, the Authority partially refunded certain single family bonds that were subject to existing interest rate swap agreements that were considered effective interest rate hedges. As a result of the partial refunding, deferred outflows related to those hedges in the amount of \$10.3 million has been reclassified to deferred refunding loss, which is presented as part of bonds and notes payable in the basic financial statements. The deferred refunding loss is amortized to interest expense over the life of the new debt using the straight line method. The interest expense is offset by an equal amount that is accreted to deferred outflows over the remaining life of the respective swap.

A summary of interest rate swaps for the years ended December 31, 2011, and 2010, was as follows:

Summary of Interest Rate Swaps	12/31/2011	12/31/2010
	Fair Value	Fair Value
Par optional termination right with trigger	\$ 99,781	\$ 76,429
Par optional termination right	68,925	47,295
Trigger	20,665	8,770
Plain	91,853	50,906
Total fair value	\$ 281,224	\$ 183,400

Trigger: The variable rate received on these swaps is 68% of the one month LIBOR, if LIBOR is equal to or greater than 3.5%. The variable rate received on these swaps is SIFMA plus a spread if the one month LIBOR is less than 3.5%. See further discussion in the basis risk section below.

Par optional termination right: Certain swaps contain a cancellation clause that provides the Authority the option to cancel a certain amount of the swaps on certain dates. The Authority may cancel the optional termination amount for no payment (callable at par). The optional termination dates coincide with the debt service dates on the associated hedged bonds payable. These dates and amounts are provided in the table below.

Detail of Outstanding Interest Rate Swaps - The key terms, including the fair values and counterparty credit ratings of the outstanding swaps as of December 31, 2011, are shown in the table below. The notional amounts of the swaps approximate the principal amounts of the associated debt. Except as discussed under amortization risk below, the authority's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated bonds payable. Based on the standard swap agreement, payments are settled on a net basis.

The Authority enters into master netting arrangements with each of its swap counterparties. All of the agreements provide for the netting of the value of assets and liability positions of all transactions with the respective counterparty. There are no



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other significant transactions with these counterparties outside of these swap agreements, such that the aggregate amount of liabilities included in the master netting arrangements is equal to the net fair value of the swaps.

Outstanding Swaps at December 31, 2011:

Associated Bond Issue	Current Notional Amount	Effective Date	Termination Date	Fixed Rate Paid	Variable Rate Received *	Embedded Options	Optional Termination Date, at Par	Optional Termination Amount	Counterparty Rating S&P/Moody's	2010 Fair Value **	Change in Fair Value	2011 Fair Value **
Single Family:												
Investment derivative:												
2001-AA ****	\$ 30,000	12/1/2009	11/1/2038	4.4850%	Trigger, SIFMA + .05% or 68% LIBOR	***	1) 11/1/2015 2) 11/1/2017 3) 11/1/2019	Up to: 1) 7,500 2) 15,000 3) all remaining	A+/Aa3	\$ (359)	\$ (1,311)	\$ (1,670)
Hedging derivatives:												
2001-AA2 ****	46,840	12/4/2008	5/1/2031	4.6000%	Trigger, SIFMA + .05% or 68% LIBOR				A+/Aa3	(1,620)	(5,425)	(7,045)
2001-AA1	15,340	12/2/2008	5/1/2018	5.5260%	Trigger, SIFMA + .05% or 68% LIBOR				A+/Aa3	(1,753)	(441)	(2,194)
2002-A3 ****	17,815	12/4/2008	11/1/2021	4.7490%	Trigger, SIFMA + .05% or 68% LIBOR				A+/Aa3	(895)	(726)	(1,621)
2002-B3 ****	38,125	12/4/2008	11/1/2021	4.5060%	Trigger, SIFMA + .05% or 68% LIBOR				A+/Aa3	(1,824)	(1,850)	(3,674)
2002-C3 ****	40,000	12/4/2008	5/1/2022	4.4220%	Trigger, SIFMA + .15% or 68% LIBOR				A+/Aa3	(1,791)	(2,371)	(4,162)
2003-A2 ****	19,455	12/2/2008	11/1/2021	4.1600%	Trigger, SIFMA + .05% or 68% LIBOR				A+/Aa3	(887)	(1,082)	(1,969)
2003-B1 ****	32,760	12/2/2008	11/1/2026	4.8510%	LIBOR + .05%	***	5/1/2015	27,305	A+/Aa3	(2,703)	(939)	(3,642)
2003-B-2	20,915	10/29/2008	5/1/2028	4.9380%	LIBOR + .05%	***	11/1/2018	all remaining	AA-/Aa1	(2,171)	(587)	(2,758)
2003-B3 ****	60,000	12/2/2008	11/1/2026	4.3840%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2015	43,170	A+/Aa3	(2,019)	(383)	(2,402)
2003-C1	3,585	12/3/2003	5/1/2012	4.0330%	Bayerische + .05%				NR/Baa1	(308)	263	(45)
2003-C2 ****	40,000	12/2/2008	11/1/2026	4.5950%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2015	28,780	A+/Aa3	(1,359)	(187)	(1,546)
2004-A1	2,820	9/1/2004	5/1/2012	4.4600%	Bayerische + .05%				NR/Baa1	(273)	234	(39)
2004-A2	50,000	7/28/2004	11/1/2026	4.3685%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2015	35,970	A-/WR	(4,869)	162	(4,707)
2004-B1	2,170	12/1/2004	5/1/2012	4.0520%	LIBOR + .05%				A/Aa3	(197)	170	(27)
2004-B2	40,000	11/1/2004	11/1/2026	4.1220%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2015	28,780	A-/WR	(3,388)	(75)	(3,463)
2005-A1	6,710	5/1/2005	5/1/2013	4.3555%	LIBOR + .05%				A/Aa3	(548)	335	(213)
2005-A2	40,000	3/16/2005	11/1/2027	4.0710%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2015	32,290	A-/WR	(3,320)	(255)	(3,575)
2005-B2	75,850	7/20/2005	5/1/2034	4.1693%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2015	48,650	A-/WR	(6,743)	130	(6,613)
2006-A1	4,550	3/1/2006	11/1/2013	5.1610%	LIBOR + .05%				A+/Aa1	(467)	244	(223)
2006-A3	40,000	1/18/2006	11/1/2036	4.3129%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2019	37,810	A/A2	(4,634)	(2,148)	(6,782)
2006-B1	21,440	11/1/2006	11/1/2014	5.6685%	LIBOR + .05%				A+/Aa1	(2,664)	1,025	(1,639)
2006-B2	49,325	7/26/2006	11/1/2034	4.1951%	Trigger, SIFMA + .05% or 68% LIBOR	***	5/1/2019	16,700	A/A2	(5,827)	(1,718)	(7,545)
2006-B3	62,945	7/26/2006	11/1/2036	4.5445%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2019	59,190	A/A2	(8,656)	(3,247)	(11,903)
2006-C1	21,420	1/2/2007	11/1/2014	5.3143%	LIBOR + .05%				A+/Aa1	(2,455)	933	(1,522)
2006-C2	14,140	12/20/2006	5/1/2016	4.2884%	Trigger, SIFMA + .05% or 68% LIBOR	***	5/1/2012	7,050	A/A2	(1,134)	81	(1,053)
2006-C2	10,605	12/20/2006	11/1/2016	4.2884%	Trigger, SIFMA + .05% or 68% LIBOR	***	11/1/2012	5,300	A/A2	(949)	(1)	(950)
2006-C2	10,605	12/20/2006	11/1/2017	4.2884%	Trigger, SIFMA + .05% or 68% LIBOR	***	11/1/2013	5,300	A/A2	(1,116)	(134)	(1,250)
2006-C2	35,350	12/20/2006	11/1/2034	4.2884%	Trigger, SIFMA + .05% or 68% LIBOR	***	11/1/2019	21,210	A/A2	(4,217)	(1,592)	(5,809)
2007A-1	30,045	6/1/2007	5/1/2015	5.1911%	LIBOR + .05%				A+/Aa1	(3,444)	1,099	(2,345)
2007A-2	70,000	5/9/2007	11/1/2037	4.1530%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2019	62,910	A/A2	(7,072)	(3,773)	(10,845)
2007B-1	58,985	11/1/2007	11/1/2026	5.5800%	LIBOR + 0.05%	***	11/1/2017	24,610	A+/Aa1	(8,152)	(628)	(8,780)
2007B-2	50,000	10/18/2007	5/1/2038	4.5075%	Trigger, SIFMA + .15% or 68% LIBOR	***	5/1/2019	46,545	A/A2	(6,453)	(2,511)	(8,964)
2007B-3 ****	50,000	12/2/2008	5/1/2038	4.4050%	Trigger, SIFMA + .15% or 68% LIBOR	***	1) 11/1/2013 2) 11/1/2015 3) 11/1/2017	Up to: 1) 12,500 2) 25,000 3) 50,000	A+/Aa3	(3,734)	(823)	(4,557)
2008A-3	42,800	6/4/2008	5/1/2038	4.4140%	Trigger, SIFMA + .05% or 68% LIBOR	***	1) 5/1/2014 2) 5/1/2016 3) 5/1/2018	Up to: 1) 20,000 2) 40,000 3) 80,000	A+/Aa1	(4,990)	(1,346)	(6,336)
2008A-1	80,000	6/4/2008	5/1/2038	5.4450%	LIBOR + .05%	***	1) 11/1/2011 2) 11/1/2013 3) 11/1/2016 4) 11/1/2018	Up to: 1) 14,260 2) 27,440 3) 38,340 4) all remaining	A-/WR	(6,601)	(1,810)	(8,411)
2008A-2	80,100	6/4/2008	11/1/2027	4.5960%	LIBOR + .05%	***	5/1/2018	all remaining	AA-/Aaa	(6,943)	(2,356)	(9,299)

Table continued on following page.



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Associated Bond Issue	Current Notional Amount	Effective Date	Termination Date	Fixed Rate Paid	Variable Rate Received *	Embedded Options	Optional Termination Date, at Par	Optional Termination Amount	Counterparty Rating S&P/Moody's	2010 Fair Value **	Change in Fair Value	2011 Fair Value **
Multi-Family/Business:												
2000-A1 ****	12,750	11/21/2008	10/1/2020	5.2350%	SIFMA + .05				A+/Aa3	(1,803)	(562)	(2,365)
2000-A2 ****	7,080	11/21/2008	4/1/2015	5.8000%	SIFMA + .05				A+/Aa3	(570)	147	(423)
2000-B1 (SPV)	5,095	10/19/2000	7/1/2020	7.3900%	Citigroup 3 month + .25%				A-/A2	(1,262)	(102)	(1,364)
2002-A1 ****	9,410	11/21/2008	10/1/2022	5.1000%	SIFMA + .15				A+/Aa3	(1,244)	(461)	(1,705)
2002AA ****	25,420	11/21/2008	10/1/2023	6.0350%	SIFMA + .05				A+/Aa3	(3,651)	(1,412)	(5,063)
2002-C2 ****	70,715	11/21/2008	10/1/2032	5.1240%	Trigger, SIFMA + .15% or 68% LIBOR	***	4/1/2018	59,340	A+/Aa3	(3,783)	(2,843)	(6,626)
2002-C4 ****	31,960	11/21/2008	10/1/2032	5.0440%	Trigger, SIFMA + .05% or 68% LIBOR	***	4/1/2018	26,785	A+/Aa3	(1,807)	(1,378)	(3,185)
2003-A1 ****	2,124	12/3/2008	10/1/2013	4.5550%	LIBOR + .05%	***	10/1/2009	16,576	A+/Aa3	(296)	226	(70)
2004-A1	40,675	11/1/2004	10/1/2025	5.5281%	LIBOR + .05%	***	10/1/2014	all remaining	A-/WR	(4,552)	(170)	(4,722)
2004-A1 ****	10,000	5/29/2009	5/1/2013	5.3640%	LIBOR				AA-/Aa1	(590)	194	(396)
2004-A2	10,785	9/22/2004	4/1/1945	4.8840%	SIFMA + .15%	***	10/1/2019	all remaining	A-/WR	(1,138)	(817)	(1,955)
2005-A1 (A)	4,755	8/1/2005	10/1/2035	5.8200%	LIBOR + .05%	***	4/1/2015	all remaining	A-/WR	(561)	(111)	(672)
2005-A1 (B)	3,005	8/1/2005	10/1/2020	5.2050%	LIBOR + .05%				A-/WR	(469)	(274)	(743)
2005-A1 (C)	9,925	8/1/2005	10/1/2025	5.7120%	LIBOR + .05%	***	4/1/2015	all remaining	A-/WR	(1,100)	(238)	(1,338)
2005-A1 (D)	-	8/1/2005	10/1/2025	5.5730%	LIBOR + .05%	***	10/1/2011	all remaining	A-/WR	(129)	129	-
2005-A2	17,855	7/1/2005	4/1/2036	4.2850%	SIFMA + .05%	***	4/1/2015	all remaining	A-/WR	(1,322)	(311)	(1,633)
2005-A3 (A)	6,280	4/13/2005	4/1/2040	4.6560%	SIFMA + .15%	***	10/1/2020	all remaining	A-/WR	(694)	(464)	(1,158)
2005-A3 (B)	6,120	10/1/2005	4/1/2032	4.4800%	SIFMA + .15%	***	4/1/2015	all remaining	A-/WR	(429)	(140)	(569)
2005-B1	13,180	3/1/2006	4/1/2036	5.2350%	LIBOR + .05%	***	10/1/2015	11,125	A/A2	(1,453)	(369)	(1,822)
2005-B2 (A)	3,495	1/2/2006	10/1/2040	4.7350%	SIFMA + .15%	***	10/1/2015	3,305	A/A2	(227)	(121)	(348)
2005-B2 (B)	5,845	9/1/2006	10/1/2038	4.5270%	SIFMA + .15%	***	10/1/2021	4,520	A/A2	(569)	(490)	(1,059)
								Up to:				
								1) 10/1/2011				
2006A-1 ****	30,350	12/3/2008	4/1/2027	5.7100%	LIBOR + .05%	***	2) 10/1/2016	2) 12,305	A+/Aa3	(676)	(2,021)	(2,697)
2006A-1	11,200	12/1/2006	10/1/2036	5.3420%	LIBOR + .05%	***	4/1/2021	8,040	A/A2	(1,583)	(1,153)	(2,736)
								Up to:				
								1) 10/1/2012				
								2) 10/1/2017				
2007B-1 ****	36,135	12/3/2008	4/1/2038	5.6400%	LIBOR + .05%	***	3) 4/1/2022	3) 16,925	A+/Aa3	(412)	(2,573)	(2,985)
2007B-1	7,525	10/1/2007	4/1/2028	5.2200%	LIBOR + .05%	***	4/1/2028	6,190	A/A2	(927)	(1,006)	(1,933)
2007B-2 ****	2,660	12/3/2008	10/1/2036	4.2870%	SIFMA + .15%	***	10/1/2017	2,040	A+/Aa3	(112)	(130)	(242)
2007B-2 ****	2,040	12/3/2008	4/1/2038	4.5350%	SIFMA + .15%	***	10/2/2017	1,780	A+/Aa3	(89)	(108)	(197)
2007B-2 ****	4,760	12/3/2008	4/1/2038	4.4700%	SIFMA + .15%	***	10/2/2017	4,395	A+/Aa3	(366)	(255)	(621)
2007B-2 ****	4,730	12/3/2008	4/1/2028	4.6510%	SIFMA + .15%	***	4/1/2023	3,835	A+/Aa3	(538)	(475)	(1,013)
2007B-3 ****	2,480	12/3/2008	10/1/2037	4.2970%	SIFMA + .05%	***	10/1/2017	2,065	A+/Aa3	(106)	(129)	(235)
2007B-3 ****	4,695	12/3/2008	10/1/2019	4.0967%	SIFMA + .05%	***	10/1/2014	4,430	A+/Aa3	(274)	(75)	(349)
2007B-3 ****	2,285	12/3/2008	4/1/2038	4.8805%	SIFMA + .05%	***	10/1/2017	2,205	A+/Aa3	(212)	(120)	(332)
								Up to:				
								1) 4/1/2018				
2008A1 ****	15,200	12/3/2008	4/1/2029	5.1300%	LIBOR + .05%	***	2) 4/1/2019	2) all remaining	A+/Aa3	(160)	(1,206)	(1,366)
2008A2 ****	7,630	12/3/2008	4/1/2043	4.5400%	SIFMA + .15%	***	4/1/2019	6,340	A+/Aa3	(468)	(513)	(981)
2008B (a) ****	116,080	12/3/2008	10/1/2044	5.1722%	LIBOR				AA-/Aa1	(21,605)	(29,176)	(50,781)
2008B (b) ****	46,605	12/3/2008	3/1/1947	5.2071%	LIBOR				AA-/Aa1	(9,356)	(13,604)	(22,960)
2008C3 ****	7,700	12/3/2008	10/1/2038	4.3400%	SIFMA + .05%	***	4/1/2019	6,500	A+/Aa3	(585)	(503)	(1,088)
								Up to:				
								1) 10/1/2014				
								2) 4/1/2024				
2009A1 ****	31,215	6/24/2009	10/1/2041	4.7900%	SIFMA + .05%	***	2) all remaining		A+/Aa3	(1,747)	(2,167)	(3,914)
Total	629,764									(66,865)	(64,781)	(131,646)
Total	\$ 1,944,459									\$ (183,400)	\$ (97,824)	\$ (281,224)

(*) SIFMA is the Securities Industry Financial Markets Association Municipal Swap Index. LIBOR is the London Interbank Offered Rate.

(**) All fair values include the effect of any related embedded option.

(***) Par optional termination right.

(****) Swaps for which cash premiums were received in 2008. The outstanding unamortized balance of the premium is reported on the Statement of Net Position as hybrid instrument borrowings.

(SPV) Counterparty operates as a special purpose vehicle

Risk Disclosure

Credit Risk: All of the Authority's swaps rely upon the performance of the third parties who serve as swap counterparties, and as a result, the Authority is exposed to credit risk - i.e., the risk that a swap counterparty fails to perform according to its contractual obligations. The appropriate measurement of this risk at the reporting date is the fair value of the swaps, as shown in the column labeled "Fair Value" in the outstanding swaps table above. The Authority is exposed to credit risk in the amount of any positive net fair value exposure to each counterparty. As of December 31, 2011, the Authority was



Notes to Basic Financial Statements
(tabular dollar amounts are in thousands)

exposed to minimal credit risk to any of its counterparties. To mitigate credit risk, the Authority maintains strict credit standards for swap counterparties. All swap counterparties must be rated in the AA/Aa or higher category by either Standard & Poor's (S&P) or Moody's Investors Service (Moody's), respectively, at the time the contract is executed.

At December 31, 2011, the Authority had executed 74 swap transactions with nine counterparties with concentrations and ratings (Standard and Poor's/ Moody's Investors Service) as shown in the following table:

Swap Count	Notional Amount	Concentration	Counterparty Rating (S&P / Moody's)
14	\$ 384,215	19.8%	A / A2
2	8,880	0.5%	A / Aa3
13	385,250	19.8%	A- / WR
6	179,240	9.2%	A+ / Aa1
31	701,674	36.0%	A+ / Aa3
4	193,600	10.0%	AA- / Aa1
1	80,100	4.1%	AA- / Aaa
1	5,095	0.3%	AAA/
2	6,405	0.3%	NR / Baa1
74	\$ 1,944,459	100%	

At December 31, 2010, the Authority had executed 75 swap transactions with nine counterparties with concentrations and ratings (Standard and Poor's/ Moody's Investors Service) as shown in the following table:

Swap Count	Notional Amount	Concentration	Counterparty Rating (S&P / Moody's)
1	\$ 94,815	4.5%	A+/A1
2	18,385	0.9%	NR/A1
1	5,475	0.3%	A/A2
10	436,695	20.9%	AA-/Aa1
16	403,405	19.3%	A+/Aa3
31	733,495	35.1%	AA-/Aa3
14	396,465	19.0%	A-/A3
75	\$ 2,088,735	100%	

Interest Rate Risk: The Authority is exposed to interest rate risk in that as the variable rates on the swaps agreements decrease the Authority's net payment on the swap agreement could increase.

Basis Risk: The Authority is exposed to basis risk when the variable interest rate paid to the holders of its variable rate demand obligations (VRDO's) is not equivalent to the variable interest rate received from its counterparties on the related swap agreements. When exposed to basis risk, the net interest expense incurred on the combination of the swap agreement and the associated variable rate debt may be higher or lower than anticipated.

The Authority's tax-exempt variable-rate bond interest payments are substantially equivalent to the SIFMA rate (plus a trading spread). Certain tax-exempt swaps, as indicated in the table above, contain a trigger feature in which the Authority



Notes to Basic Financial Statements
(tabular dollar amounts are in thousands)

receives a rate indexed on SIFMA should LIBOR be less than a predetermined level (the trigger level, 3.5%), or a rate pegged at a percentage of LIBOR should LIBOR be equal to or greater than the predetermined trigger level. For these swaps, the Authority would be negatively exposed to basis risk during the time period it is receiving the rate based on a percentage of LIBOR should the relationship between LIBOR and SIFMA converge.

The Authority's taxable variable-rate bond interest payments are substantially equivalent to LIBOR (plus a trading spread). The Authority is receiving LIBOR (plus a trading spread) or LIBOR flat for all of its taxable swaps and therefore is only exposed to basis risk to the extent that the Authority's bonds diverge from their historic trading relationship with LIBOR.

Termination Risk: The Authority's swap agreements do not contain any out-of-the-ordinary termination events that would expose it to significant termination risk. In keeping with market standards, the Authority or the counterparty may terminate each swap if the other party fails to perform under the terms of the contract. In addition, the swap documents allow either party to terminate in the event of a significant loss of creditworthiness. If at the time of the termination a swap has a negative value, the Authority would be liable to the counterparty for a payment equal to the fair value of such swap.

There are certain termination provisions relevant to the Authority's counterparties operating as special purpose vehicles (SPV) with a terminating structure. In the case of certain events, including the credit downgrade of the SPV or the failure of the parent company to maintain certain collateral levels, the SPV would be required to wind up its business and terminate all of its outstanding transactions with all clients, including the Authority. All such terminations would be at mid-market pricing. In the event of such termination, the Authority would be exposed to the risk of market re-entry and the cost differential between the mid-market termination and the offered price upon re-entry.

Rollover Risk: The Authority is exposed to rollover risk only on swaps that mature or may be terminated at the counterparty's option prior to the maturity of the associated debt. As of December 31, 2011 and 2010, the Authority was not exposed to rollover risk.

Amortization Risk: The Authority is exposed to amortization risk in the event that the swap amortization schedules fail to match the actual amortization of the underlying bonds as a result of loan prepayments, which significantly deviate from expectations. If prepayments are significantly higher than anticipated, the Authority would have the option of reinvesting or recycling the prepayments, or calling unhedged bonds. Alternatively, if the Authority chose to call bonds associated with the swap, the Authority could elect an early termination of the related portions of the swap at a potential cost to the Authority. If prepayments are significantly lower than anticipated and the associated bonds remained outstanding longer than the relevant portion of the swap, the Authority could experience an increase in its exposure to unhedged variable rate bonds. Alternatively, the Authority could choose to enter into a new swap or an extension of the existing swap. If interest rates are higher at the time of entering into a new swap or swap extension, such action would result in an increased cost to the Authority.

Collateral Requirements: The Authority is subject to a contingency feature that would require the Authority to post collateral on swap agreements if the Class I obligations credit rating falls to a Moody's A1, or equivalent ratings by S&P, and Fitch and is greater than the established thresholds. As of December 31, 2011, all agreements were rated higher than the Moody's A1 and did not require collateral.

The majority of the class 1 bonds are rated AAA by both rating agencies. The bond indentures for these swaps are over collateralized and the underlying assets are insured. The likelihood that the bonds would be downgraded by four categories is considered remote, but if it were to occur it would require the Authority to post collateral approximately equal to the fair value of the interest rate swap.

Swap Payments - Using interest rates as of December 31, 2011, debt service requirements of the Authority's outstanding variable-rate debt and net swap payments were as follows. As rates vary, variable rate interest rate payments on the bonds and net swap payments will change.



Notes to Basic Financial Statements
(tabular dollar amounts are in thousands)

Year Ending December 31,	Principal	Interest	Swaps, Net	Total
2012	\$ 104,355	\$ 5,707	\$ 81,973	\$ 192,035
2013	113,619	5,197	76,967	195,783
2014	106,740	4,763	71,878	183,381
2015	93,610	4,380	67,150	165,140
2016	120,640	4,156	62,974	187,770
2017-2021	429,715	17,603	251,605	698,923
2022-2026	315,705	12,983	175,168	503,856
2027-2031	261,880	8,044	115,594	385,518
2032-2036	266,500	3,841	60,822	331,163
2037-2041	88,665	703	19,038	108,406
2042-2046	34,830	181	5,609	40,620
2047	8,200	5	168	8,373
Total	\$ 1,944,459	\$ 67,563	\$ 988,946	\$ 3,000,968

Hybrid instrument borrowings - Certain interest rate swaps, as identified on the detailed swap table above, include fixed rates that were off-market at the execution of the interest rate swaps. For financial reporting purposes these interest rate swaps are considered hybrid instruments and are bifurcated between borrowings, with an aggregate original amount of \$73.4 million reflecting the fair value of the instrument at its execution, and an interest rate swap with a fixed rate that was considered at-the market at execution. Activity for the hybrid instrument borrowings for the year ended December 31, 2011 was as follows:

	2011	2010
Beginning balance	\$ 59,972	\$ 66,441
Additions	-	-
Reductions	(6,365)	(6,469)
Ending balance	\$ 53,607	\$ 59,972



Notes to Basic Financial Statements
(tabular dollar amounts are in thousands)

The following table sets for as of December 31, 2011, payments of principal and interest on the hybrid instrument borrowings for the next five years and thereafter. The total payments generally reflect the difference between the stated fixed rate of the hybrid instrument and the at-the-market fixed rate at the execution of the instrument.

Year Ending December 31,	Principal and Interest
2012	\$ 4,468
2013	4,468
2014	4,424
2015	4,241
2016	4,051
2017-2021	17,125
2022-2026	11,090
2027-2031	3,740
Total	\$ 53,607

Forward Sales Contracts - The Authority has entered into forward sales contracts for the delivery of Ginnie Mae securities in order to lock in the sales price for the securitization of certain taxable single-family loans. The contracts offset changes in interest rates between the time of the loan reservations and the securitization of such loans into Ginnie Mae securities. These contracts are considered investment derivative instruments, such that their change in fair value is reported as investment derivative activity losses on the Statement of Revenues, Expenses and Changes in Net Position.

The outstanding forward contracts, summarized by counterparty as of December 31, 2011, were as follows:

Count	Par	Concentration	Original	12/31/11	Fair Value	Counterparty Rating
			Sales Price	Sales Price		
5	\$ 20,500	26.4%	\$ 21,698	\$ 21,916	\$ 218	A/A1
17	35,000	45.2%	37,346	37,654	308	A/Aa3
12	22,000	28.4%	23,348	23,549	201	AA-/Aa3
34	\$ 77,500	100.0%	\$ 82,392	\$ 83,119	\$ 727	

The outstanding forward contracts, summarized by counterparty as of December 31, 2010, were as follows:

Count	Par	Concentration	Original	12/31/10	Fair Value	Counterparty Rating
			Sales Price	Sales Price		
8	\$ 5,500	33.4%	\$ 5,806	\$ 5,706	\$ (100)	A/NR
2	1,500	9.1%	1,581	1,574	(7)	A+/Aa3
13	9,000	54.5%	9,479	9,383	(96)	AA/Aa2
1	500	3.0%	524	527	3	NR
24	\$ 16,500	100.0%	\$ 17,390	\$ 17,190	\$ (200)	



Notes to Basic Financial Statements
(tabular dollar amounts are in thousands)

Summary

A summary of derivative instruments activity for the years ended December 31, 2011 and 2010 is as follows:

	2011				2010			
	Hedging	Investments		Total	Hedging	Investments		Total
	Swaps	Swaps	Forwards		Swaps	Swaps	Forwards	
Fair value, beginning	\$ 183,441	\$ 359	\$ (200)	\$ 183,600	\$ 138,095	\$ (38)	\$ -	\$ 138,057
Settlements	(87,108)	(1,146)	200	(88,054)	(89,679)	(1,222)	-	(90,901)
Change in fair value	183,221	2,457	727	186,405	135,025	1,619	(200)	136,444
Fair value, ending	\$ 279,554	\$ 1,670	\$ 727	\$ 281,951	\$ 183,441	\$ 359	\$ (200)	\$ 183,600

(9) Debt Refundings

On November 10, 2011, the Authority issued its Single Family Bonds 2011 Series B, C and D, in the aggregate principal amount of \$227,235,000. The entire proceeds of the bonds were used to refund a portion of various single family mortgage bonds. The refunding resulted in a decrease in the aggregate future debt service requirement of approximately \$1,376,000, based on the change in variable interest rates at the time of refunding and an approximate economic gain to the Authority of \$468,000. In accordance with GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*, \$11,450,000 was deferred and is being amortized over the contractual life of the new debt.

Economic gain or loss is calculated as the difference between the present value of the old debt service requirements and the present value of the new debt service requirements less related upfront costs of issuance, bond call premiums and bond insurance premiums, discounted at the effective interest rate.

In prior years, the Authority defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Authority's financial statements. On December 31, 2011, \$58.9 million of bonds outstanding are considered defeased.

(10) Restricted and Unrestricted Net Position

The amounts restricted for the Single-Family bond programs and the Multi-Family/Business bond programs are for the payment of principal, redemption premium, if any, or interest on all outstanding single-family and multi-family/business bond issues, in the event that no other funds are legally available for such payments. The Board may withdraw all or part of this restricted balance if (1) updated cash flow projections indicate that adequate resources will exist after any withdrawal to service the outstanding debt, subject to approval by the bond trustee; (2) the Authority determines that such funds are needed for the implementation or maintenance of any duly adopted program of the Authority; and (3) no default exists in the payment of the principal, redemption premium, if any, or interest on such bonds.

Assets of the Single-Family and Multi-Family/Business bond programs are pledged for payment of principal and interest on the applicable bonds. In addition, certain assets are further restricted by bond resolutions for payment of interest on and/or principal of bonds in the event that the related debt service funds and other available funds are insufficient. Such assets are segregated within the Single-Family and Multi-Family/Business Programs and are held in cash, loans receivable or investments. At December 31, 2011 and 2010, these assets were at least equal to the amounts required to be restricted.



Notes to Basic Financial Statements
(tabular dollar amounts are in thousands)

The Board has designated certain amounts of the unrestricted net position of the General Programs as of December 31, 2011 and 2010, for various purposes, as indicated in the following table. These designations of net position are not binding, and can be changed by the Board.

Unrestricted Net Position as December 31, 2011 and 2010:

	2011	2010
Designations:		
Housing program	\$ 37,717	\$ 36,874
Commercial program	18,396	24,616
General operating and working capital	25,025	26,475
General obligation bonds	28,128	25,621
Total unrestricted net position	\$ 109,266	\$ 113,586

(11) Retirement Plans

The Authority contributes to the Local Government Division Trust fund (Trust) a cost-sharing multiple-employer public defined benefit plan administered by the Public Employees' Retirement Association of Colorado (PERA). The Trust provides retirement, disability and death benefits for members or their beneficiaries. Generally, all employees of the Authority are members of the Trust.

The Authority contributes to the Health Care Trust Fund (Health Fund), a cost-sharing multiple-employer postemployment health care plan administered by PERA. The Health Fund provides a health care premium subsidy to PERA participating benefit recipients and their eligible beneficiaries.

Colorado Revised Statutes assign the authority to establish Trust and Health Fund benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the Trust and the Health Fund. That report may be obtained by writing to PERA at P.O. Box 5800 Denver, Colorado 80217-5800, by calling PERA at 303-832-9550 or 1-800-759-PERA (7372) or from PERA's website at www.copera.org.

Plan members and the Authority are required to contribute to the Trust at rates set by Colorado Statutes. A portion of the Authority's contribution is allocated for the Health Fund. Member contributions to the Health Fund are not required.



Notes to Basic Financial Statements
(tabular dollar amounts are in thousands)

The contribution rate for members and the Authority's contributions to the Trust and Health Fund, which equaled the Authority's required contributions for each year, were as follows:

	2011	2010
Contribution rate of covered salary:		
Members	8.00%	8.00%
Authority:		
Trust	12.68%	12.68%
Health Fund	1.02%	1.02%
Total Authority contribution rate	13.70%	13.70%
Contributions by the Authority:		
Trust	\$ 1,730	\$ 1,548
Health Fund	139	117
Total Authority contributions	\$ 1,869	\$ 1,665

An additional benefit offered to eligible Authority employees through PERA is a Voluntary Investment Program, established under Section 401(k) of the Internal Revenue Code. Participants invest a percentage of their annual gross salaries up to the annual Internal Revenue Service limit of their gross salaries. The Authority contributes 1% of each participating employee's salary as part of the 401(k) match, and in addition to the 1% contribution, the Authority matches half of the employee's 401(k) contribution up to 5% of the participating employee's gross salary. The Authority's match is a maximum of 3.5%, which includes the 1% contribution. Contributions by the Authority for the years ended December 31, 2011 and 2010 were \$396,000 and \$370,000, respectively. Contributions by participating employees for the years ended December 31, 2011 and 2010 were \$902,000 and \$860,000, respectively. All required contributions are paid in full annually.

(12) Risk Management

The Authority has a risk management program under which the various risks of loss associated with its business operations are identified and managed. The risk management techniques utilized include a combination of standard policies and procedures and purchased insurance. Commercial general liability, property losses, business automobile liability, workers' compensation and public officials' liability are all managed through purchased insurance. There were no significant reductions or changes in insurance coverage from the prior year. Settled claims did not exceed insurance coverage in any of the past three fiscal years.

(13) Related-Party Transactions

In 2011, the Authority did not enter into any related-party transactions. In 2010, the Authority entered into a transaction with Warren Village Inc., Colorado, the Chairman of the Board of Directors of which is a member of the Authority's Executive Team. Using funds granted under the Tax Credit Exchange Program of the AARA, the Authority made a \$1.1 million grant to the Warren Village. This transaction was made in the normal course of business under terms and conditions similar to other transactions with unrelated parties.

(14) Commitments and Contingencies

The Authority had outstanding commitments to make or acquire single-family and multi-family/business loans of \$62,050,000 and \$2,964,000, respectively, as of December 31, 2011. The Authority had outstanding commitments to make



Notes to Basic Financial Statements
(tabular dollar amounts are in thousands)

or acquire single-family and multi-family/business loans of \$62,725,000 and \$15,819,000, respectively, as of December 31, 2010.

There are a limited number of claims or suits pending against the Authority arising in the Authority's ordinary course of business. In the opinion of the Authority's management and counsel, any losses that might result from these claims and suits are either covered by insurance or, to the extent not covered by insurance, would not have a material adverse effect on the Authority's financial position.

The Authority participates in the Ginnie Mae Mortgage-Backed Securities (MBS) Programs. Through the MBS Programs, Ginnie Mae guarantees securities that are issued by the Authority and backed by pools of mortgage loans. If a borrower fails to make a timely payment on a mortgage loan, the Authority must use its own funds to ensure that the security holders receive timely payment. All loans pooled under the Ginnie Mae MBS Program are either insured by the Federal Housing Authority or United States Department of Agriculture Rural Development, or are guaranteed by the VA. The Authority assesses the overall risk of loss on loans that it may be required to repurchase and repurchases the loans as necessary. The Authority repurchased \$21.3 million and \$3.3 million of these loans in 2011 and 2010, respectively.

15) Subsequent Events

In March 2012, the Authority completed the sale of the real estate for all Blended Component Units, which encompass the Rental Assistance Program (RAP) - Hyland Park Centre Corporation ("Hyland Park"), Tanglewood Oaks Apartments Corporation ("Tanglewood"), and Village of Yorkshire Corporation ("Yorkshire"). In addition, the Authority completed the sale of real estate for Maple Tree Settlement, which is not a Blended Component Unit, but is part of RAP. Each of these properties was sold at a gain. These properties had net income in 2011 and 2010 of \$1.5 million and \$498 thousand, respectively.

The Authority paid in full the outstanding Lehman swap termination settlement as of March 2012.

Also in March, the Authority redeemed \$106,325,000 of NIPB bonds.



SUPPLEMENTAL INFORMATION

colorado housing and finance authority



Colorado Housing and Finance Authority Combining Schedule - Statement of Net Position

December 31, 2011

(with summarized financial information for December 31, 2010)

(in thousands of dollars)

	General Programs	Single Family	Multi-Family/ Business	Eliminations	2011	Summarized 2010
Assets						
Current assets:						
Cash (Note 2)						
Restricted	\$ 56,011	\$ -	\$ -	\$ -	\$ 56,011	\$ 75,483
Unrestricted	33,281	-	-	-	33,281	16,498
Investments (Note 2)	9,058	530,373	106,801	-	646,232	652,878
Loans receivable (Note 3)	43,986	44,709	25,568	(562)	113,701	134,211
Loans receivable held for sale (Note 3)	38,206	-	-	-	38,206	47,478
Accrued interest receivable	3,339	8,865	4,865	(160)	16,909	20,075
Deferred debt financing costs, net	15	478	174	-	667	778
Other assets	6,977	378	118	-	7,473	9,541
Due (to) from other programs	(27,174)	20,345	6,829	-	-	-
Total current assets	163,699	605,148	144,355	(722)	912,480	956,942
Noncurrent assets:						
Investments (Note 2)	658	154,576	83,204	-	238,438	219,983
Loans receivable, net (Note 3)	129,417	1,296,553	741,465	(16,290)	2,151,145	2,467,772
Capital assets - non-depreciable (Note 4)	5,026	-	-	-	5,026	5,547
Capital assets - depreciable, net (Note 4)	19,134	-	-	-	19,134	21,194
Other real estate owned, net	3,515	4,448	2,656	-	10,619	12,505
Deferred debt financing costs, net	263	8,605	3,138	-	12,006	13,998
Other assets	22,691	-	-	-	22,691	22,164
Total noncurrent assets	180,704	1,464,182	830,463	(16,290)	2,459,059	2,763,163
Total assets	344,403	2,069,330	974,818	(17,012)	3,371,539	3,720,105
Total Deferred Outflows - Hedging						
Accumulated decrease in fair value of hedging derivatives	-	135,763	131,647	-	267,410	180,245
Liabilities						
Current liabilities:						
Short-term debt (Note 5)	46,100	-	-	-	46,100	87,900
Bonds payable (Note 6)	-	311,847	9,665	-	321,512	299,187
Notes payable (Note 6)	104	-	-	-	104	79
Accrued interest payable	1,178	14,433	10,093	(160)	25,544	25,641
Federally assisted program advances	458	-	-	-	458	60
Accounts payable and other liabilities	45,605	1,071	743	-	47,419	65,063
Total current liabilities	93,445	327,351	20,501	(160)	441,137	477,930
Noncurrent liabilities:						
Bonds payable, net (Note 6)	70,285	1,629,772	860,303	-	2,560,360	2,910,329
Derivative instruments	727	149,577	131,647	-	281,951	183,600
Derivatives related borrowing	-	27,253	26,354	-	53,607	59,972
Notes payable (Note 6)	24,283	-	-	(16,852)	7,431	6,173
Other liabilities (Note 6)	22,237	872	832	-	23,941	8,767
Total noncurrent liabilities	117,532	1,807,474	1,019,136	(16,852)	2,927,290	3,168,841
Total liabilities	210,977	2,134,825	1,039,637	(17,012)	3,368,427	3,646,771
Net position						
Invested in capital assets, net of related debt	7,308	-	-	16,852	24,160	26,741
Restricted by bond indentures	-	70,268	66,828	-	137,096	113,252
Unrestricted (Note 10)	126,118	-	-	(16,852)	109,266	113,586
Total net position	\$ 133,426	\$ 70,268	\$ 66,828	\$ -	\$ 270,522	\$ 253,579

See accompanying independent auditors' report.

colorado housing and finance authority



Colorado Housing and Finance Authority

Combining Schedule - Statement of Revenues, Expenses and Changes in Net Position

For the year ended December 31, 2011

(with summarized financial information for the year ended December 31, 2010)

(in thousands of dollars)

	General Program	Single Family	Multi-Family/ Business	Eliminations	2011	Summarized 2010
Interest income and expense:						
Interest on loans receivable	\$ 12,719	\$ 75,599	\$ 47,564	\$ (1,285)	\$ 134,597	\$ 151,319
Interest on investments	735	15,154	7,534	-	23,423	18,094
Interest on debt	(6,765)	(89,676)	(43,389)	1,285	(138,545)	(141,458)
Net interest income	6,689	1,077	11,709	-	19,475	27,955
Other operating income:						
Rental income	8,804	-	-	-	8,804	9,306
Loan servicing income	13,633	-	(3)	-	13,630	13,058
Section 8 administration fees	5,052	-	-	-	5,052	4,629
Gain on sale of loans	16,792	-	-	-	16,792	19,817
Investment derivative activity loss	(527)	(1,188)	-	-	(1,715)	(473)
Net increase (decrease) in the fair value of investments	74	21,264	4,549	-	25,887	7,324
Other revenues (losses)	255	506	-	-	761	1,713
Total other operating income	44,083	20,582	4,546	-	69,211	55,374
Total operating income	50,772	21,659	16,255	-	88,686	83,329
Operating expenses:						
Salaries and related benefits	18,210	-	-	-	18,210	17,808
General operating	38,963	1,319	501	-	40,783	55,636
Depreciation	3,684	-	-	-	3,684	3,773
Provision for losses	3,791	4,746	499	-	9,036	6,521
Total operating expenses	64,648	6,065	1,000	-	71,713	83,738
Net operating income (loss)	(13,876)	15,594	15,255	-	16,973	(409)
Nonoperating revenues and expenses:						
Federal grant receipts	134,491	-	-	-	134,491	134,613
Federal grant payments	(134,491)	-	-	-	(134,491)	(134,613)
Gains on sales of capital assets	(30)	-	-	-	(30)	128
Total nonoperating revenues, net	(30)	-	-	-	(30)	128
Income before transfers	(13,906)	15,594	15,255	-	16,943	(281)
Transfers from (to) other programs	7,005	4,049	(11,054)	-	-	-
Change in net position	(6,901)	19,643	4,201	-	16,943	(281)
Net position:						
Beginning of year	140,327	50,625	62,627	-	253,579	253,860
End of year	\$ 133,426	\$ 70,268	\$ 66,828	\$ -	\$ 270,522	\$ 253,579

See accompanying independent auditors' report.

colorado housing and finance authority



Colorado Housing and Finance Authority Combining Schedule - Statement of Cash Flows

For the year ended December 31, 2011

(with summarized financial information for the year ended December 31, 2010)

(in thousands of dollars)

	General Program	Single Family	Multi-Family/ Business	Eliminations	2011	Summarized 2010
Cash flows from operating activities:						
Principal payments received on loans receivable & receipts from dispositions of other real estate owned	\$ 23,786	\$ 220,862	\$ 58,654	\$ -	\$ 303,302	\$ 320,375
Interest payments received on loans receivable	12,288	79,450	47,642	(1,297)	138,083	154,818
Payments for loans receivable	(365,925)	-	(1,270)	(788)	(367,983)	(428,218)
Receipts from sales of Ginnie Mae securities	420,989	-	-	-	420,989	417,478
Receipts (payments) for loan transfers between programs	(53,809)	64,712	(10,903)	-	-	-
Receipts from rental operations	8,748	-	-	-	8,748	9,346
Receipts from other revenues	18,888	506	(3)	-	19,391	19,173
Payments for salaries and related benefits	(18,775)	-	-	-	(18,775)	(17,109)
Payments for goods and services	(39,543)	(1,318)	(501)	-	(41,362)	(19,213)
All other, net	1,046	457	-	-	1,503	(1,185)
Net cash provided (used) by operating activities	7,693	364,669	93,619	(2,085)	463,896	455,465
Cash flows from noncapital financing activities:						
Net increase (decrease) in short-term debt	(41,800)	-	-	-	(41,800)	14,650
Proceeds from issuance of bonds	-	266,435	-	-	266,435	275,210
Proceeds from issuance of notes payable	1,388	-	-	-	1,388	125
Receipts from federal grant programs	135,352	-	-	-	135,352	134,308
Payments for federal grant programs	(134,491)	-	-	-	(134,491)	(134,613)
Principal paid on bonds	(8,101)	(514,957)	(60,840)	-	(583,898)	(247,064)
Principal paid on notes payable	(105)	-	-	-	(105)	(17,415)
Interest paid on short-term debt	(271)	-	-	-	(271)	(226)
Interest rate swap settlements	-	(59,832)	(32,270)	-	(92,102)	(95,330)
Interest paid on bonds	(3,984)	(31,028)	(13,988)	-	(49,000)	(52,336)
Interest paid on notes payable	(756)	-	-	-	(756)	(1,004)
Bond issuance costs paid	-	(1,728)	-	-	(1,728)	(1,365)
Transfers (to) from other programs	(9,609)	12,858	(3,249)	-	-	-
Net cash used by noncapital financing activities	(62,377)	(328,252)	(110,347)	-	(500,976)	(125,060)
Cash flows from capital and related financing activities:						
Purchase of capital assets	(1,133)	-	-	-	(1,133)	(2,148)
Proceeds from the disposal of capital assets	-	-	-	-	-	347
Principal paid on capital-related debt	(788)	-	-	788	-	-
Interest paid on capital-related debt	(1,297)	-	-	1,297	-	-
Net cash provided (used) by capital and related financing activities	(3,218)	-	-	2,085	(1,133)	(1,801)
Cash flows from investing activities:						
Proceeds from maturities and sales of investments	1,696,617	1,098,355	294,369	267	3,089,608	2,897,006
Purchase of investments	(1,642,128)	(1,147,867)	(285,268)	(267)	(3,075,530)	(3,186,689)
Income received from investments	731	13,095	7,620	-	21,446	17,160
Net cash provided (used) by investing activities	55,220	(36,417)	16,721	-	35,524	(272,523)
Net increase (decrease) in cash	(2,682)	-	(7)	-	(2,689)	56,081
Cash at beginning of year	91,974	-	7	-	91,981	35,900
Cash at end of year	\$ 89,292	\$ -	\$ -	\$ -	\$ 89,292	\$ 91,981
Restricted	56,011	-	-	-	56,011	75,483
Unrestricted	33,281	-	-	-	33,281	16,498
Cash and cash equivalents, end of year	\$ 89,292	\$ -	\$ -	\$ -	\$ 89,292	\$ 91,981

Continued on the next page

colorado housing and finance authority



Colorado Housing and Finance Authority
Combining Schedule - Statement of Cash Flows *(continued)*
For the year ended December 31, 2011
(with summarized financial information for the year ended December 31, 2010)
(in thousands of dollars)

	General Program	Single Family	Multi-Family/ Business	Eliminations	2011	Summarized 2010
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Net operating income (loss)	\$ (13,876)	\$ 15,594	\$ 15,255	\$ -	\$ 16,973	\$ (409)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation expense	3,684	-	-	-	3,684	3,773
Amortization of service release premiums	3,538	-	-	-	3,538	2,946
Amortization of deferred loan fees/costs, net	(720)	856	(71)	-	65	115
Amortization of imputed debt associated with swaps	-	(3,524)	(2,840)	-	(6,364)	(6,469)
Provision for losses	3,791	4,746	499	-	9,036	6,521
Gain on sale of capital assets	30	-	-	-	30	-
Interest on investments	(730)	(15,154)	(7,534)	-	(23,418)	(18,087)
Interest on debt	6,765	93,201	46,228	(1,285)	144,909	147,927
Unrealized loss on derivatives	527	1,188	-	-	1,715	473
Unrealized gain on investments	(74)	(21,264)	(4,549)	-	(25,887)	(7,324)
(Gain) loss on sale of REO	2,137	(506)	-	-	1,631	413
Gain on sale of loans	(16,792)	-	-	-	(16,792)	(19,817)
Changes in assets and liabilities:						
Loans receivable and other real estate owned	19,046	286,079	46,481	(788)	350,818	306,083
Accrued interest receivable on loans and investments	610	2,995	149	(12)	3,742	3,505
Other assets	987	458	1	-	1,446	(3,983)
Accounts payable and other liabilities	(1,230)	-	-	-	(1,230)	39,798
Net cash provided (used) by operating activities	\$ 7,693	\$ 364,669	\$ 93,619	\$ (2,085)	\$ 463,896	\$ 455,465

See accompanying independent auditors' report.

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APPENDIX B

Outstanding Master Indenture Obligations

Outstanding Bonds

As of April 1, 2012, the Authority had issued and had Outstanding the following Series of Bonds under the Master Indenture in the Classes as indicated:

<u>Title of Bonds</u>	<u>Principal Amount Issued</u>	<u>Outstanding Principal Amount (April 1, 2012)</u>
2000 Series A:		
Adjustable 2000 Series A-1 (Class I)	\$56,195,000	\$11,030,000
Adjustable 2000 Series A-2 (Class I)	11,545,000	7,080,000
2000 Series B:		
Taxable Floating 2000 Series B-1 (Class I)	\$ 7,780,000	\$ 4,895,000
2000 Series B-2 (Class I)	13,880,000	13,880,000
Adjustable 2000 Series B-3 (Class I)	5,000,000	1,720,000
2000 Series B-4 (Class I)	4,845,000	4,715,000
2001 Series A:		
2001 Series A-1 (Class I)	\$24,350,000	\$14,840,000
2001 Series A-2 (Class II)	10,810,000	5,965,000
2001 Series A-2 (Class III)	2,890,000 ⁽¹⁾	1,665,000
2002 Series A:		
Adjustable 2002 Series A-1 (Class I)	\$ 9,410,000	\$9,180,000
2002 Series A-3 (Class II)	5,735,000	5,725,000
Adjustable 2002 Series A-4 (Class I)	19,450,000	7,025,000
2002 Series C:		
Taxable Adjustable 2002 Series C-1 (Class I)	\$10,920,000	\$ 9,420,000
Adjustable 2002 Series C-2 (Class I)	70,715,000	59,510,000
Adjustable 2002 Series C-4 (Class I)	31,960,000	31,595,000
2002 Series C-6 (Class II)	5,000,000	3,225,000
2003 Series A:		
Taxable Adjustable 2003 Series A-1 (Class I)	\$37,415,000 ⁽¹⁾	\$27,410,000
Taxable Adjustable 2003 Series A-2 (Class II)	11,365,000	9,800,000
2004 Series A:		
Taxable Adjustable 2004 Series A-1 (Class I)	\$66,280,000 ⁽¹⁾	\$53,175,000
Adjustable 2004 Series A-2 (Class I)	10,785,000	10,785,000
2004 Series A-3 (Class II)	12,050,000	5,665,000
2005 Series A:		
Taxable Adjustable 2005 Series A-1 (Class I)	\$33,740,000 ⁽¹⁾	\$29,755,000
Adjustable 2005 Series A-2 (Class I)	22,235,000	17,440,000
Adjustable 2005 Series A-3 (Class II)	40,275,000	15,680,000

<u>Title of Bonds</u>	<u>Principal Amount Issued</u>	<u>Outstanding Principal Amount (April 1, 2012)</u>
2005 Series B:		
Taxable Adjustable 2005 Series B-1 (Class I)	\$16,550,000 ⁽¹⁾	\$14,625,000
Adjustable 2005 Series B-2 (Class I)	10,820,000	10,135,000
2006 Series A:		
Taxable Adjustable 2006 Series A-1 (Class I)	\$57,130,000 ⁽¹⁾	\$51,105,000
2007 Series B:		
Taxable Adjustable 2007 Series B-1 (Class I)	\$55,710,000	\$51,960,000
Adjustable 2007 Series B-2 (Class I)	31,170,000	14,260,000
Adjustable 2007 Series B-3 (Class I)	16,865,000	11,585,000
2008 Series A:		
Taxable Adjustable 2008 Series A-1 (Class II)	\$23,090,000 ⁽¹⁾	\$21,820,000
Adjustable 2008 Series A-2 (Class II)	9,645,000	8,595,000
2008 Series B:		
Taxable Adjustable 2008 Series B (Class II)	\$165,565,000	\$162,375,000
2008 Series C:		
Taxable Adjustable 2008 Series C-1 (Class I)	\$13,000,000	\$12,915,000
Adjustable 2008 Series C-2 (Class I)	5,725,000	5,585,000
Adjustable 2008 Series C-3 (Class I)	12,055,000	11,240,000
Adjustable 2008 Series C-4 (Class I)	10,780,000	3,995,000
2009 Series A:		
Adjustable 2009 Series A-1 (Class I)	\$33,210,000	\$30,140,000
2009 Series A-2 (Class II)	<u>14,225,000</u>	<u>11,005,000</u>
Total	<u>\$992,390,000</u>	<u>\$782,520,000 (2)</u>
Total Class I Bonds	\$691,740,000	\$531,000,000 (2)
Total Class II Bonds	\$297,760,000	\$249,855,000
Total Class III Bonds	\$2,890,000	\$1,665,000
Total Class IV Bonds	None	None

⁽¹⁾ Designated as general obligations of the Authority.

⁽²⁾ Does not include the 2012 Series A Bonds issued in July 2012 in the aggregate principal amount of \$10,500,000 or the 2012 Series B Bonds.

Outstanding Derivative Products

In connection with the issuance of certain Bonds under the Master Indenture, the Authority has previously entered into the interest rate swap agreements listed on the following table ("**Derivative Products**") which were outstanding as of April 1, 2012. As of April 1, 2012, the total notional amount of Derivative Products provided by Barclays Bank PLC was \$285,919,000; by Royal Bank of Canada, was \$172,685,000; by AIG Financial Products Corp. was \$99,400,000; by Bank of America, N.A., was \$41,245,000; and by Morgan Stanley Derivative Products Inc. was \$4,995,000.

Except as noted in the table below, the Authority's obligation to make interest payments to the respective Counterparty under each of these Derivative Products constitutes a Class I Obligation under the Master Indenture, secured on parity with the lien on the Trust Estate of the other Class I Obligations. The Authority's obligation to make termination payments under each of these Derivative Products in the event of early termination is a general obligation of the Authority and not secured as an Obligation under the Master Indenture. See "Part II – CERTAIN BONDOWNERS' RISKS – Risks Related to Derivative Products" and "Part II – COLORADO HOUSING AND FINANCE AUTHORITY – Obligations of the Authority – General Obligations."

See also footnote (8) to the audited 2011 financial statements of the Authority, included as Appendix A to this Official Statement, for a description of the key terms of the outstanding Derivative Products, including the fair values and the counterparty credit ratings, as of December 31, 2011.

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<u>Outstanding Derivative Products</u>	<u>Amount (1)</u>	<u>Counterparty</u>
2000 Series A Derivative Products:		
Adjustable 2000 Series A-1 (Class I)	\$12,750,000	Barclays Bank PLC
Adjustable 2000 Series A-2 (Class I)	7,080,000	Barclays Bank PLC
2000 Series B Derivative Product:		
Taxable Floating 2000 Series B-1 (Class I)	4,995,000	Morgan Stanley Derivative Products Inc.
2002 Series A Derivative Products:		
Adjustable 2002 Series A-1 (Class I)	9,410,000	Barclays Bank PLC
2002 Series C Derivative Products:		
Adjustable 2002 Series C-2 (Class I)	59,510,000	Barclays Bank PLC
Adjustable 2002 Series C-4 (Class I)	31,960,000	Barclays Bank PLC
2003 Series A Derivative Products		
Taxable Adjustable 2003 Series A-1 (Class I)	2,124,000	Barclays Bank PLC
2004 Series A Derivative Products:		
Taxable Adjustable 2004 Series A-1 (Class I)	10,000,000	Royal Bank of Canada
Taxable Adjustable 2004 Series A-1 (Class I)	40,675,000	AIG Financial Products Corp.
Adjustable 2004 Series A-2 (Class I)	10,785,000	AIG Financial Products Corp.
2005 Series A Derivative Products:		
Taxable Adjustable 2005 Series A-1 (Class I)	17,685,000	AIG Financial Products Corp.
Adjustable 2005 Series A-2 (Class I)	17,855,000	AIG Financial Products Corp.
Adjustable 2005 Series A-3 (Class II)	12,400,000	AIG Financial Products Corp.
2005 Series B Derivative Products:		
Taxable Adjustable 2005 Series B-1 (Class I)	13,180,000	Bank of America, N.A.
Adjustable 2005 Series B-2 (Class I)	9,340,000	Bank of America, N.A.
2006 Series A Derivative Products:		
Taxable Adjustable 2006 Series A-1 (Class I)	30,350,000	Barclays Bank PLC
Taxable Adjustable 2006 Series A-1 (Class I)	11,200,000	Bank of America, N.A.
2007 Series B Derivative Products:		
Taxable Adjustable 2007 Series B-1 (Class I)	36,135,000	Barclays Bank PLC
Taxable Adjustable 2007 Series B-1 (Class I)	7,525,000	Bank of America, N.A.
Taxable Adjustable 2007 Series B-2 (Class I)	14,190,000	Barclays Bank PLC
Taxable Adjustable 2007 Series B-3 (Class I)	9,460,000	Barclays Bank PLC
2008 Series A Derivative Products:		
Taxable Adjustable 2008 Series A-1 (Class II)	15,200,000	Barclays Bank PLC
Adjustable 2008 Series A-2 (Class II)	7,630,000	Barclays Bank PLC
2008 Series B Derivative Products:		
Taxable Adjustable 2008 Series B (Class II)	162,685,000	Royal Bank of Canada
2008 Series C Derivative Products:		
Adjustable 2008 Series C-1 (Class I)	11,205,000	Barclays Bank PLC
Adjustable 2008 Series C-3 (Class I)	7,700,000	Barclays Bank PLC
2009 Series A Derivative Products:		
Adjustable 2009 Series A-1 (Class I)	31,215,000	Barclays Bank PLC
Total Outstanding Derivative Products	<u>\$604,244,000</u>	
Total Outstanding Class I Derivative Products	<u>\$406,329,000</u>	
Total Outstanding Class II Derivative Products	<u>\$197,915,000</u>	
Total Outstanding Class III Derivative Products	<u>None</u>	

(1) As of April 1, 2012. No Derivative Products have been entered or are being entered by the Authority in connection with the 2012 Series A Bonds or the 2012 Series B Bonds.

Outstanding Liquidity Facilities

The Authority has previously entered into Standby Bond Purchase Agreements (constituting Liquidity Facilities under the Master Indenture) among the Authority, the Paying Agent and respective Liquidity Facility Providers. The following table describes the Liquidity Facilities currently in effect as of April 1, 2012 except as noted with respect to the outstanding Series of Adjustable Rate Bonds under the Master Indenture, the name of the respective Liquidity Facility Providers, the applicable expiration dates (unless extended or earlier terminated), the Bank Bond rates, terms for accelerated payments and liens. As of April 1, 2012, the aggregate principal amount of Bonds for which Federal Home Loan Bank of Topeka provided Liquidity Facilities was \$564,590,000; and for which Barclays Bank PLC provided Liquidity Facilities was \$68,545,000. Since the effectiveness of a replacement liquidity facility for the 2007 Series B Bonds which occurred on June 27, 2012, the aggregate principal amount of Bonds for which JPMorgan Chase Bank, N.A., provides a Liquidity Facility has been \$77,805,000.

The Authority's obligations to repay the Liquidity Facility Providers prior to stated maturity for any principal amounts due on any Bank Bonds outstanding under a Liquidity Facility constitute Class III Obligations under the Master Indenture and also constitute general obligations of the Authority.

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Outstanding Liquidity Facilities and Providers ⁽¹⁾

<u>Series of Adjustable Rate Bonds</u>	<u>Related Liquidity Facility Provider</u>	<u>Expiration Date of Liquidity Facility</u>	<u>Bank Bond Rate/ Accelerated Payments/Lien</u>
2000 Series A-1 and A-2	Federal Home Loan Bank of Topeka	March 21, 2014	(5)
2000 Series B-3	Federal Home Loan Bank of Topeka	October 19, 2013	(5)
2002 Series A-1 and A-4	Federal Home Loan Bank of Topeka	May 14, 2013	(5)
2002 Series C-1, C-2 and C-4	Federal Home Loan Bank of Topeka	November 14, 2013	(5)
2003 Series A-1	Federal Home Loan Bank of Topeka	September 23, 2013	(5)
2003 Series A-2	Federal Home Loan Bank of Topeka	September 23, 2013	(6)
2004 Series A-1 and A-2	Federal Home Loan Bank of Topeka	September 21, 2014 ⁽²⁾	(5)
2005 Series A-1 and A-3	Federal Home Loan Bank of Topeka	April 12, 2013	(5)
2005 Series A-2	Barclays Bank PLC	September 6, 2013 ⁽³⁾	(7)
2005 Series B-1 and B-2	Federal Home Loan Bank of Topeka	December 13, 2013	(5)
2006 Series A-1	Barclays Bank PLC	September 6, 2013 ⁽³⁾	(7)
2007 Series B-1, B-2 and B-3	JPMorgan Chase Bank, N.A. ⁽⁴⁾	June 27, 2014 ⁽⁴⁾	(4) (8)
2008 Series A-1 and A-2	Federal Home Loan Bank of Topeka	April 22, 2013	(9)
2008 Series B	Federal Home Loan Bank of Topeka	June 25, 2013	(10)
2008 Series C-1, C-2, C-3 and C-4	Federal Home Loan Bank of Topeka	December 16, 2013	(5)
2009 Series A-1	Federal Home Loan Bank of Topeka	June 24, 2014	(5)

⁽¹⁾ As of April 1, 2012 (except as noted). No Liquidity Facilities have been entered or are being entered in connection with the 2012 Series A Bonds or the 2012 Series B Bonds.

⁽²⁾ Effective September 21, 2012.

⁽³⁾ Effective in connection with a Notice of Extension from Barclays Bank dated August 7, 2012.

⁽⁴⁾ Effective in connection with the remarketing of these 2007 Series B-1, B-2 and B-3 Bonds, which occurred on June 27, 2012.

⁽⁵⁾ Bank Rate: One-Month LIBOR Rate from time to time in effect plus 2.00%
Term out provisions: 10 semi-annual payments (5 years). Class III lien/General Obligation.

⁽⁶⁾ Bank Rate: One-Month LIBOR Rate from time to time in effect plus 3.00%
Term out provisions: 10 semi-annual payments (5 years). Class III lien/General Obligation.

⁽⁷⁾ Bank Rate: 0-60 days: Base Rate
61 - 120 days: Base Rate plus 2%
121+ days: higher of (a) Base Rate plus 2% and (b) Maximum Bank Bond Rate
But not less than rate on non-Bank Bonds.

"Base Rate" is the highest of (a) Fed Funds Rate plus 2.5%, (b) Prime Rate plus 2.5%, (c) 150% of yield on 30-year U.S. Treasury Bonds, and (d) 8% per annum.

"Maximum Bank Bond Rate" is highest of (a) 12% per annum, (b) 150% of 3-Month LIBOR, and (c) 150% of yield on 30-year U.S. Treasury Bonds.

Term out provisions: 3 years from Purchase Date. Class III lien/General Obligation.

⁽⁸⁾ Bank Rate: Base Rate plus 3% (not exceeding the Maximum Interest Rate).
"Base Rate" is the higher of (a) Prime Rate plus 1.50%, (b) Fed Funds Rate plus 2.0% and (c) 7.50% per annum.

Term out provisions: 10 semi-annual payments (5 years). Class III lien/General Obligation.

⁽⁹⁾ Bank Rate: One-Month LIBOR Rate from time to time in effect plus 1.00%

Term out provisions: 10 semi-annual payments (5 years). Class III lien/General Obligation.

⁽¹⁰⁾ Bank Rate: One-Month LIBOR Rate from time to time in effect plus 1.25%

Term out provisions: 10 semi-annual payments (5 years). Class III lien/General Obligation.

APPENDIX C

Summary of Certain Provisions of the Indenture

The Master Indenture and the 2012 Series B Indenture (collectively, the "**Indenture**") contain various provisions and covenants, some of which are summarized below. Reference is made to the Indenture for a full and complete statement of its provisions. Copies of the Indenture are available as provided in "Part II - MISCELLANEOUS."

Certain Definitions

"Account" or "Accounts" means one or more of the special trust accounts created and established pursuant to the Master Indenture or a Series Indenture.

"Acquisition Account" mean the Account so designated, which is created and established in the Program Fund by the Master Indenture.

"Administrative Expenses" means all the Authority's expenses of administering its activities under the Indenture and the Act. Such expenses may include, without limiting the generality of the foregoing, (i) Fiduciary Expenses, (ii) the fees and expenses of any auction agent, market agent and any broker-dealer then acting under a Series Indenture with respect to auction rate Bonds, (iii) the fees and expenses of any calculation agent then acting under a Series Indenture with respect to index-based Bonds, (iv) the costs of any remarketing of any Bonds, including the fees and expenses of any remarketing agent then acting under a Series Indenture with respect to such Bonds, (v) the fees and expenses due to any Credit Facility Provider or any Liquidity Facility Provider with respect to any Bonds for which any Credit Enhancement Facility or a Liquidity Facility is in place, (vi) the fees and expenses of the Authority incurred in connection with the preparation of legal opinions and other authorized reports or statements attributable to the Bonds, (vii) fees and expenses associated with the delivery of a substitute Credit Enhancement Facility or Liquidity Facility under a Series Indenture, (viii) fees and expenses associated with the monitoring of the Bonds, the Loans, the Housing Facilities, the Projects and the Authority Projects by the Rating Agencies, (ix) fees and expenses associated with (but not payments under) Derivative Products, (x) Costs of Issuance not paid from proceeds of Bonds, and (xi) salaries, supplies, utilities, labor, materials, office rent, maintenance, furnishings, equipment, machinery and apparatus, including information processing equipment, telephone, software, insurance premiums, legal, accounting, management, consulting and banking services and expenses, travel and other operating costs of the Authority, and payments to pension, retirement, dental, health and hospitalization and life and disability insurance benefits, and any other employee benefits; and any other expenses required or permitted to be paid by the Authority, all to the extent properly allocable to a financing under the Indenture.

"Aggregate Principal Amount" means, as of any date of calculation, the principal amount or Compound Accreted Value of the Bond referred to.

"Amortized Value" means, when used with respect to Investment Securities purchased at a premium above or at a discount below par, the value as of any given date obtained by dividing the total amount of the premium or the discount at which such Investment Securities were purchased by the number of days remaining to the first call date (if callable) or the maturity date (if not callable) of such Investment Securities at the time of such purchase and by multiplying the amount so calculated by the number of days having passed from the date of such purchase; and (i) in the case of Investment Securities purchased at a premium, by deducting the product thus obtained from the purchase price and (ii) in the

case of Investment Securities purchased at a discount, by adding the product thus obtained to the purchase price.

"Authority Certificate" means a document signed by an Authorized Officer either (i) attesting or acknowledging the circumstances, representations or other matters therein stated or set forth or (ii) setting forth matters to be determined by such Authorized Officer pursuant to the Master Indenture.

"Authority Derivative Payment" means a payment required to be made by or on behalf of the Authority due to a Reciprocal Payor pursuant to a Derivative Product.

"Authority Payment Account" means the Account so designated which is created and established in the Debt Service Fund with respect to General Obligation Bonds by the Master Indenture.

"Authority Project" means a housing facility or other asset intended to be owned and operated by the Authority, or the financing and refinancing of designated expenditures and/or obligations of the Authority, or any combination thereof.

"Authority Project Subaccount" means the subaccount so designated which is created and established in the Series subaccount of the Acquisition Account by the Series Indenture.

"Authority Request" means a written request or direction of the Authority signed by an Authorized Officer.

"Authorized Officer" means the Chairman, Chairman pro tem or Executive Director of the Authority and any other officer designated from time to time as an Authorized Officer by resolution of the Authority and, when used with reference to any act or document, also means any other person authorized by resolution of the Authority to perform such act or sign such document.

"Bond" or "Bonds" means any of the bonds, notes or other financial obligations (however denominated) of the Authority authorized and issued under the Indenture.

"Bond Counsel" means any attorney or firm of attorneys of nationally recognized standing in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds, appointed from time to time by the Authority.

"Bond Payment Date" means each date on which interest or a Principal Installment or both are payable on such Bond, and unless limited, means all such dates.

"Borrower" means the maker of, and any other party obligated on, a promissory note in connection with a Housing Facility or Project.

"Business Day" means a day on which the Trustee, any Paying Agent or banks or trust companies in New York, New York, are not authorized or required to remain closed and on which The New York Stock Exchange is not closed.

"Capital Appreciation Bonds" means any Bond of a Series, Class, tenor and maturity so designated in the Related Series Indenture for which certain determinations hereunder are made on the basis of Compound Accreted Value rather than principal amount.

"Cash Flow Statement" means, with respect to any particular Bonds, a certificate prepared by or on behalf of the Authority with respect to Cash Flows setting forth, for the period extending from the date

of such certificate to the latest maturity of the Bonds then outstanding, (i) all Revenues expected to be received during such period; (ii) the application of all such Revenues in accordance with the Indenture; (iii) the resulting balances on each Bond Payment Date and Derivative Payment Date, if any; and establishing under all scenarios included in the Cash Flows, that anticipated Revenues will be at least sufficient to pay the principal of and interest on the Obligations when due and all Administrative Expenses payable under the Indenture when due. Each Cash Flow Statement shall be accompanied by all supporting Cash Flows. Reference to a Cash Flow Statement with respect to a Series shall be taken to mean a Cash Flow Statement with respect to such Series and any other Series to which it has been linked for Cash Flow Statement purposes.

"Cash Flows" means cash flow schedules prepared by or on behalf of the Authority, presented in sufficient detail acceptable to the Rating Agencies and including a listing of all assumptions and scenarios used in the preparation of such cash flow schedules. The assumptions used and scenarios included shall be acceptable to the Rating Agencies.

"Class I Bonds" means the Colorado Housing and Finance Authority Multi-Family/Project Class I Bonds authorized by, and at any time Outstanding pursuant to, the Indenture.

"Class I Debt Service Fund" means the Fund so designated, which is created and established by the Master Indenture.

"Class I Obligations" means Class I Bonds and any Derivative Product the priority of payment of which is equal with that of Class I Bonds.

"Class I Sinking Fund Installment" means the amount designated for any particular due date in the Related Series Indenture for the retirement of Class I Bonds on an unconditional basis, less any amount credited pursuant to the Master Indenture.

"Class II Bonds" means the Colorado Housing and Finance Authority Multi-Family/Project Class II Bonds authorized by, and at any time Outstanding pursuant to, the Indenture.

"Class II Debt Service Fund" means the Fund so designated, which is created and established by the Master Indenture.

"Class II Obligations" means Class II Bonds and any Derivative Product the priority of payment of which is equal with that of Class II Bonds.

"Class II Sinking Fund Installment" means the amount designated for any particular due date for the retirement of Class II Bonds, as set forth in the Related Series Indenture, which amount may be conditioned upon the transfer of sufficient moneys to the Class II Debt Service Fund, plus all such amounts specified for any prior date or dates, to the extent such amounts have not been paid or discharged, less any amounts credited pursuant to the Master Indenture.

"Class III Bonds" means the Colorado Housing and Finance Authority Multi-Family/Project Class III Bonds authorized by, and at any time Outstanding pursuant to, the Indenture.

"Class III Debt Service Fund" means the Fund so designated, which is created and established by the Master Indenture.

"Class III Obligations" means Class III Bonds and any Derivative Product the priority of payment of which is equal with that of Class III Bonds.

"Class III Sinking Fund Installment" means the amount designated for any particular due date for the retirement of Class III Bonds, as set forth in the Related Series Indenture, which amount may be conditioned upon the transfer of sufficient moneys to the Class III Debt Service Fund, plus all such amounts specified for any prior date or dates, to the extent such amounts have not been paid or discharged, less any amounts credited pursuant to the Master Indenture.

"Class IV Bonds" means the Colorado Housing and Finance Authority Multi-Family/Project Class IV Bonds authorized by, and at any time Outstanding pursuant to, the Indenture.

"Class IV Debt Service Fund" means the Fund so designated, which is created and established by the Master Indenture.

"Class IV Obligations" means Class IV Bonds and any Derivative Product the priority of payment of which is equal with that of Class IV Bonds.

"Class IV Sinking Fund Installment" means the amount designated for any particular due date for the retirement of Class IV Bonds, as set forth in the Related Series Indenture, which amount may be conditioned upon the transfer of sufficient moneys to the Class IV Debt Service Fund, plus all such amounts specified for any prior date or dates, to the extent such amounts have not been paid or discharged, less any amounts credited pursuant to the Master Indenture.

"Costs of Issuance" means the items of expense payable or reimbursable directly or indirectly by the Authority and other costs incurred by the Authority, all related to the authorization, sale and issuance of Bonds and Derivative Products or otherwise pursuant to the Indenture, which costs and items of expense shall include, but not be limited to, underwriters' compensation, initial fees and expenses due to any Credit Facility Provider or Liquidity Facility Provider, printing costs, costs of developing, reproducing, storing and safekeeping documents and other information processing or storage of materials, equipment and software related to the Bonds, filing and recording fees, travel expenses incurred by the Authority in relation to such issuance of Bonds or otherwise pursuant to the Indenture, initial fees or charges of the Trustee, the Bond Registrar and the Paying Agent, initial premiums with respect to insurance required by the Indenture to be paid by the Authority or by the Trustee, legal fees and charges, consultants' fees, accountants' fees, costs of bond ratings, and fees and charges for execution, transportation and safekeeping of the Bonds.

"Cost of Issuance Account" means the Account so designated, which is created and established within the Program Fund by the Master Indenture.

"Credit Enhancement Facility" means an insurance policy insuring, or a letter of credit or surety bond or other financial instrument providing a direct or indirect source of funds for, the timely payment of principal of and interest on the Bonds of a Series or portion thereof (but not necessarily principal due upon acceleration thereof under the Master Indenture), as shall be designated pursuant to a Series Indenture with respect to such Series.

"Credit Facility Provider" means a commercial bank or other Person providing a Credit Enhancement Facility pursuant to any Series Indenture with respect to a Series.

"Debt Service Payment" means, when used with respect to any Bond Payment Date, the sum of the (i) interest, if any, and (ii) Principal Installments, if any, due and payable on such Bond Payment Date with respect to the Bonds referred to.

"Debt Service Reserve Fund" means the Fund so designated, which is created and established by the Master Indenture.

"Debt Service Reserve Fund Requirement," with respect to each Series of Bonds, shall have the meaning set forth in the Related Series Indenture. See Part I.

"Defeasance Securities" means any Investment Securities used to effect defeasance of Bonds in accordance with the Master Indenture if upon such defeasance the Bonds so defeased are rated in the highest rating category by each Rating Agency rating such Bond, and which are not subject to redemption by the issuer prior to their maturity.

"Depository" means any bank, trust company, or savings and loan association (including any Fiduciary) selected by the Authority and approved by the Trustee as a depository of moneys, Loans, Investment Securities or Financing Documents held under the provisions of the Indenture, and its successor or successors.

"Derivative Product" means a written contract or agreement between the Authority and a Reciprocal Payor, which provides that the Authority's obligations thereunder will be conditioned on the absence of (i) a failure by the Reciprocal Payor to make any payment required thereunder when due and payable, or (ii) a default thereunder with respect to the financial status of the Reciprocal Payor; and:

(i) under which the Authority is obligated to pay (whether on a net payment basis or otherwise) on one or more scheduled and specified Derivative Payment Dates, the Authority Derivative Payments in exchange for the Reciprocal Payor's obligations to pay (whether on a net payment basis or otherwise), or to cause to be paid, to the Authority, Reciprocal Payments on one or more scheduled and specified Derivative Payment Dates in the amounts set forth in the Derivative Product;

(ii) for which the Authority's obligations to make Authority Derivative Payments may be secured by a pledge of and lien on the Trust Estate on an equal and ratable basis with the Outstanding Class I Bonds, Class II Bonds, Class III Bonds or Class IV Bonds, as the case may be; and

(iii) under which the Reciprocal Payments are to be made directly to the Trustee for deposit into the Revenue Fund.

"Excess Earnings" means, with respect to Loans held in any subaccount of the Acquisition Account or the Loan Recycling Account established in connection with a Series of Tax-exempt Bonds, the "excess earnings," as defined in Treasury Regulations §1.148-10T, with respect thereto.

"Excess Earnings Fund" means the Fund so designated, which is created and established by the Master Indenture.

"Fiduciary" means the Trustee, the Bond Registrar, the Paying Agent, or a Depository or any or all of them, as may be appropriate.

"Fiduciary Expenses" means the fees and expenses of the Fiduciaries, except Servicing Fees payable to such persons.

"Financing Documents" means, with respect to any Loan, the Loan Agreement between the Authority and the Borrower with respect to the Loan, the Note duly executed by the Borrower evidencing

its obligation to repay the Loan, the Mortgage on the real property or leasehold constituting part of the Housing Facility or Project, financing statements duly prepared and registered pursuant to the Uniform Commercial Code, and such insurance, guaranties and other security for the repayment of the Loan as required by the Authority.

"Fiscal Year" means a period beginning on January 1 in any year and ending December 31 of the same year or such other twelve month period as may be adopted by the Authority in accordance with law.

"Fund" or "Funds" means one or more of the special trust funds created and established pursuant to the Master Indenture or a Series Indenture.

"General Obligation Bonds" means Bonds for the payment of which the Authority pledges its full faith and credit, subject only to the provisions of any agreements with the owners of particular notes or bonds pledging any particular revenues or assets to the payment thereof.

"Housing Facility" means a facility which is designed and financed for the primary purpose of providing decent, safe and sanitary dwelling accommodations pursuant to the Act, including any buildings, land, equipment or facilities or other real or personal property, which may be financed under the Act and (if applicable) the Code and which the Authority has found to be necessary to insure required occupancy or balanced community development or necessary or desirable for sound economic or commercial development of a community.

"Indenture" means the Master Indenture authorized, executed and issued by an Authorized Officer and any amendments or supplements made in accordance with its terms, including all Series Indentures.

"Interest Payment Date" means, for each Bond, any date upon which interest on such Bond is due and payable in accordance with the Related Series Indenture.

"Investment Agreement" means any investment agreement provided by an Investment Provider, which agreement, as of the date of execution thereof, shall have no adverse impact on the rating assigned to any Bonds by any Rating Agency.

"Investment Provider" means any commercial bank or trust company, bank holding company, investment company or other entity (which may include the Trustee, the Bond Registrar or the Paying Agent), which Investment Provider shall be approved by the Authority for the purpose of providing investment agreements.

"Investment Revenues" means amounts earned on investments (other than Loans) credited to any Fund or Account pursuant to the Indenture (including gains upon the sale or disposition of such investments), except the Rebate Requirement and any Excess Earnings.

"Investment Securities" means and includes any of the following securities, if and to the extent the same are at the time legal for investment of the Authority's Funds:

- (a) Direct, general obligations, or obligations the timely payment of principal and interest of which are unconditionally guaranteed by, the United States of America;
- (b) Obligations, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following: Federal Farm Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Federal National

Mortgage Association (excluding "interest only" mortgage strip securities, and excluding other mortgage strip securities which are valued greater than par); Farmers Home Administration; Federal Home Loan Mortgage Corporation (including participation certificates only if they guarantee timely payment of principal and interest); Government National Mortgage Association (excluding "interest only" mortgage strip securities, and excluding other mortgage strip securities which are valued greater than par); Federal Financing Bank; or Federal Housing Administration; or any other agency or instrumentality of the United States of America (created by an act of Congress) substantially similar to the foregoing in its legal relationship to the United States of America;

(c) Repurchase agreements, collateralized by Investment Securities described in clause (a) or clause (b) of this definition, with any institution, any registered broker/dealer subject to the Securities Investors' Protection Corporation jurisdiction or any commercial bank rated by each Rating Agency rating the Bonds sufficiently high to maintain the then current rating on such Bonds by such Rating Agency, and collateralized in such manner to meet all requirements for collateralized repurchase agreements of each Rating Agency rating the Bonds in order to maintain the then current rating on such Bonds by such Rating Agency;

(d) General obligations or revenue obligations (including bonds, notes or participation certificates) of, or "private activity bonds" (within the meaning of the Code), issued by any state of the United States of America or any political subdivision thereof, or any agency or instrumentality of any state of the United States of America or any political subdivision thereof, which obligations are rated by each Rating Agency then rating the Bonds sufficiently high to maintain the then current rating on such Bonds by such Rating Agency, or any money market or short term investment fund investing substantially in or consisting substantially of and secured by obligations described in this paragraph (d), which fund is rated by each Rating Agency then rating the Bonds sufficiently high to maintain the then current rating on such Bonds by such Rating Agency and which fund, if the income from such investment is intended to be excluded from gross income for federal income tax purposes, is included in the definition of "tax-exempt bond" set forth in Treasury Regulation §1.150-1(b);

(e) Any Investment Agreement;

(f) Certificates of deposit, interest-bearing time deposits, or other similar banking arrangements, with a bank or banks (i) rated by each Rating Agency rating the Bonds sufficiently high to maintain the then current rating on such Bonds by such Rating Agency or (ii) collateralized in such manner to meet all requirements for collateralized agreements of each Rating Agency rating the Bonds in order to maintain the then current rating on such Bonds by such Rating Agency; and

(g) Commercial paper rated by each Rating Agency rating the Bonds sufficiently high to maintain the then current rating on such Bonds by such Rating Agency;

(h) Shares in the statutory law trust known as the Colorado Local Government Liquid Asset Trust (COLOTRUST), created pursuant to part 7 of article 75 of title 24, Colorado Revised Statutes; and

(i) Units of a money market fund or a money market mutual fund which has a rating from each Rating Agency then rating the Bonds sufficiently high to maintain the then current rating on such Bonds by such Rating Agency.

provided, that it is expressly understood that the definition of Investment Securities shall be, and be deemed to be, expanded, or new definitions and related provisions shall be added to the Indenture, thus permitting investments with different characteristics from those listed above which the Authority deems from time to time to be in the interest of the Authority to include as Investment Securities if at the time of inclusion the Trustee shall have received written confirmation from the Rating Agencies that such inclusion will not, in and of itself, impair, or cause any of the Bonds to fail to retain, the then existing rating assigned to them by the Rating Agencies.

"Liquidity Facility" means a Liquidity Facility, letter of credit or other agreement providing liquidity with respect to any Series or portion thereof for the Authority's obligation to repurchase Bonds subject to remarketing which have not been remarketed, as shall be designated pursuant to a Series Indenture with respect to such Series.

"Liquidity Facility Provider" means a commercial bank or other Person providing a Liquidity Facility pursuant to any Series Indenture with respect to a Series.

"Loan" means a loan of money, including advances, in the form of a loan (including a construction loan, a permanent loan or a combined construction and permanent loan) made by the Authority to a Borrower with the proceeds of the Bonds or the Refunded Bonds or with Prepayments for the financing of a portion of the costs of a Housing Facility or Project, which loan is evidenced by a Note pursuant to a Loan Agreement. The Authority may use money deposited in the Acquisition Account or the Loan Recycling Account to acquire mortgage-backed securities, pass-through certificates or other instruments backed by Loans, so long as each such Loan satisfies the requirements of the Master Indenture, in which case references in the Indenture to "Loans" shall be deemed to be references to such mortgage-backed securities, pass-through certificates or other instruments.

"Loan Agreement" means, collectively, the loan agreement, any regulatory agreement, and any other agreement between the Authority and the Borrower relating to the making of the Loan and the operation of the Housing Facility or Project.

"Loan Recycling Account" means the Account so designated, which is created and established in the Program Fund by the Master Indenture.

"Loan Repayments" means, with respect to any Loan, the amounts received by the Authority in respect of scheduled payments of the principal of and/or interest on the Note by or for the account of the Authority but does not include Prepayments or Servicing Fees.

"Mortgage" means the deed of trust, mortgage or other instrument creating a lien on real property within the State and improvements constructed or to be constructed thereon or on a leasehold under a lease of such real property having a remaining term, at the time such instrument is acquired by the Authority, of not less than the term for repayment of the applicable Loan, and which secures the repayment of the Loan.

"Note" means the note or notes executed by the Borrower evidencing the Borrower's payment obligations under the Loan.

"Outstanding" means, when used with respect to a Derivative Product, a Derivative Product which has not expired, been terminated or been deemed paid in accordance with the Master Indenture, and when used with reference to any Bonds as of any date, all Bonds theretofore authenticated and delivered under the Indenture except:

(a) any Bond cancelled or delivered to the Bond Registrar for cancellation on or before such date;

(b) any Bond (or any portion thereof) (i) for the payment or redemption of which there shall be held in trust under the Indenture and set aside for such payment or redemption, moneys and/or Defeasance Securities maturing or redeemable at the option of the holder thereof not later than such maturity or redemption date which, together with income to be earned on such Defeasance Securities prior to such maturity or redemption date, will be sufficient to pay the principal or Redemption Price thereof, as the case may be, together with interest thereon to the date of maturity or redemption, and (ii) in the case of any such Bond (or any portion thereof) to be redeemed prior to maturity, notice of the redemption of which shall have been given in accordance with the Indenture or provided for in a manner satisfactory to the Bond Registrar;

(c) any Bond in lieu of or in exchange for which another Bond shall have been authenticated and delivered pursuant to the Indenture; and

(d) any Bond deemed to have been paid as provided in the Master Indenture.

"Owner" means (i) when used with respect to a Bond, the registered owner of such Bond, and (ii) when used with respect to a Derivative Product, any Reciprocal Payor, unless the context otherwise requires.

"Paying Agent" means the bank, trust company or national banking association, appointed as Paying Agent under the Master Indenture and having the duties, responsibilities and rights provided for in the Indenture and its successors or successors and any other corporation or association which at any time may be substituted in its place pursuant to the Indenture.

"Prepayment" means, with respect to any Loan, any moneys received or recovered by the Authority from any payment of or with respect to the principal (including any applicable penalty, fee, premium or other additional charge for prepayment of principal, but excluding any Servicing Fees with respect to the collection of such moneys) under any Note prior to the scheduled payment of such principal as called for by such Note, whether (a) by voluntary prepayment made by the Borrower, (b) as a consequence of the damage, destruction or condemnation of the mortgaged premises or any part thereof, (c) by the sale, assignment, endorsement or other disposition of such Loan or any part thereof by the Authority or (d) in the event of a default thereon by the Borrower, by the acceleration, sale, assignment, endorsement or other disposition of such Loan by the Authority or by any other proceedings taken by the Authority.

"Principal Installment" means, as of any date of calculation, and for any Bond Payment Date, (a) the principal amount or Compound Accreted Value of all Bonds due and payable on such date, plus (b) any Class I, Class II, Class III or Class IV Sinking Fund Installments due and payable on such date.

"Program Fund" means the Fund so designated, which is created and established by the Master Indenture.

"Project" means a work or improvement which is located or is to be located in the State, including but not limited to real property, buildings, equipment, furnishings and any other real or personal property or any interest therein, financed, refinanced, acquired, owned, constructed, reconstructed, extended, rehabilitated, improved or equipped, directly or indirectly, in whole or in part, by the Authority and which is designed and intended for the purpose of providing facilities for manufacturing, warehousing, commercial, recreational, hotel, office, research and development, or other business purposes, including

but not limited to machinery and equipment deemed necessary for the operation thereof, excluding raw material, work in process, or stock in trade. "Project" includes more than one project or any portion of a project, but shall not include (a) a housing facility or any portion thereof unless the Authority elects to treat such housing facility or portion thereof as a Project or (b) the financing by the Authority of any county or municipal public facilities beyond the boundaries of the Project.

"Qualified Surety Bond" means any surety bond, letter of credit, insurance policy or other instrument which has liquidity features equivalent to a letter of credit, deposited in the Debt Service Reserve Fund in lieu of or in partial substitution for moneys on deposit therein, which shall have no adverse impact on the rating assigned to any Bonds by any Rating Agency.

"Rating Agency" means, at any particular time, any nationally recognized credit rating service designated by the Authority, if and to the extent such service has at the time one or more outstanding ratings of Bonds. The Authority shall at all times have designated at least one such service as a Rating Agency hereunder.

"Rebate Fund" means the Fund so designated, which is created and established by the Master Indenture.

"Reciprocal Payments" means any payment to be made to, or for the benefit of, the Authority under a Derivative Product.

"Reciprocal Payor" means a third party which, at the time of entering into a Derivative Product, shall have no adverse impact on the rating assigned by any Rating Agency, and which is obligated to make Reciprocal Payments under a Derivative Product.

"Record Date" means with respect to 2012 Series B Bonds, the fifteenth day (whether or not a Business Day) of the month next preceding each Interest Payment Date.

"Redemption Fund" means the Fund so designated, which is created and established by the Master Indenture.

"Related" (whether capitalized or not) means, with respect to any particular Bond, Class, Series, Series Indenture, Supplemental Indenture, Cash Flow Statement, Fund, Account, moneys, investments, Loan (or portion thereof), Loan Repayment or Prepayment, having been created in connection with the issuance of, or having been derived from the proceeds of, or having been reallocated to, or concerning, the same Series, as the case may be.

"Revenue Fund" means the Fund so designated, which is created and established by the Master Indenture.

"Revenues" means (i) all Loan Repayments, Prepayments and, except insofar as such payments may constitute Servicing Fees, any penalty payments on account of overdue Loan Repayments, (ii) payments made by the Authority for deposit to the Revenue Fund with respect to Authority Projects in accordance with the most recently filed Cash Flow Statement, (iii) Investment Revenues, and (iv) all other payments and receipts received by the Authority with respect to Loans, other than: (a) Servicing Fees, unless such fees are specifically pledged to the Trustee, or (b) any commitment, reservation or application fees charged by the Authority in connection with a Loan, or (c) accrued interest received in connection with the purchase of any Investment Securities, or (d) amounts collected with respect to Loans representing housing assistance payments under any applicable agreement with the U.S. Department of Housing and Urban Development.

"Series" means and refers to all of the Bonds designated as such in the Related Series Indenture and authenticated and delivered on original issuance in a simultaneous transaction, regardless of variations in Class, dated date, maturity, interest rate or other provisions, and any Bond thereafter delivered in lieu of or substitution for any of such Bonds pursuant to the Master Indenture and the Related Series Indenture.

"Series Indenture" means a Supplemental Indenture authorizing a Series of Bonds and delivered pursuant to the Master Indenture.

"Servicer" means a state-chartered bank or national banking association, state or federal savings and loan association or mortgage banking or other financial institution which has been approved by the Authority as experienced and qualified to service Loans, and any successor thereto.

"Servicing Agreement" means an agreement between the Authority and a Servicer for the servicing of Loans.

"Servicing Fees" means (a) any fees paid to or retained by a Servicer in connection with the servicing obligations undertaken by the Servicer in accordance with the Related Servicing Agreement and (b) any fees retained by or expenses reimbursed to the Authority with respect to Loans serviced by the Authority, in each case not in excess of the amount assumed in the most recently filed Cash Flow Statement.

"State" means the State of Colorado.

"Supplemental Indenture" means any supplemental indenture (including a Series Indenture) approved by the Authority in accordance with the Master Indenture amending or supplementing the Indenture.

"Trustee" means the bank, trust company or national banking association appointed as trustee by the Master Indenture and having the duties, responsibilities and rights provided for in the Master Indenture and its successor or successors, and any other corporation or association which at any time may be substituted in its place as Trustee pursuant to the Master Indenture.

"Unrelated" (whether capitalized or not) means not "Related," within the meaning of that term as defined herein.

Indenture Constitutes a Contract

In consideration of the purchase and acceptance of any and all of the Bonds and any Derivative Products authorized to be issued under the Indenture, the Indenture will be deemed to be and will constitute a contract between the Authority, the Trustee, the Bond Registrar, the Paying Agent, and the Owners from time to time of the Obligations.

Issuance of Additional Bonds

A Series of Bonds is to be authenticated by the Trustee and delivered to the Authority upon its order only upon receipt by the Trustee of:

- (a) an original executed copy of the Series Indenture authorizing such Bonds and specifying certain information as set forth in the Master Indenture;

- (b) a written order as to the delivery of such Bonds, signed by an Authorized Officer;
- (c) a certificate of an Authorized Officer stating that the Authority is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Indenture;
- (d) a Cash Flow Statement with respect to such Series of Bonds (and any other Series to which it may be limited for Cash Flow Statement purposes) taking into account the proposed issuance of such Bonds and the application of the proceeds thereof; and
- (e) such further documents and moneys, including Investment Agreements, as are required by the provisions of the Related Series Indenture.

The Authority may not issue Additional Bonds under the Indenture if such issuance would result in the lowering, suspension or withdrawal of the ratings then applicable to any Bonds (without regard to any Credit Enhancement Facility).

Issuance of Refunding Bonds

Bonds of one or more Series may be issued to refund Outstanding Bonds of one or more Series only upon the receipt by the Trustee of: (i) items referred to in clauses (a), (b), (c), (d) and (e) of the preceding paragraph, and (ii) certain other instructions to the Trustee. In addition, if the bonds to be refunded are Bonds, there must be deposited with the Trustee (or paying agent or escrow agent, if any) either (A) moneys (which may include all or a portion of the proceeds of the Refunding Bonds to be issued) in an amount sufficient to effect payment or redemption at the applicable redemption price of the Bonds to be refunded, together with accrued interest on such Bonds to the due date or redemption date, or (B) Defeasance Securities, the principal of and interest on which when due, together with any moneys deposited with the Trustee (or paying agent or escrow agent), will be sufficient to pay when due the applicable principal or Redemption Price of and interest due or to become due on the Bonds to be refunded. Defeasance Securities include any Investment Securities (including direct obligations of or obligations guaranteed by the United States of America) used to effect defeasance of Bonds in accordance with the Master Indenture if upon such defeasance the Bonds so defeased are rated in the highest rating category by each Rating Agency rating such Bonds, and which are not subject to redemption by the issuer thereof prior to maturity.

Derivative Products

Pursuant to the Master Indenture, the Trustee is to acknowledge any Derivative Product entered into between the Authority and a Reciprocal Payor under which (i) the Authority may be required to make, from time to time, Authority Derivative Payments and (ii) the Trustee may receive, from time to time, Reciprocal Payments for the account of the Authority; provided that no Derivative Product may be entered into unless the Trustee receives a letter from each Rating Agency then rating a Series confirming that the action proposed to be taken by the Authority will not, in and of itself, result in a lowering, suspension or withdrawal of the ratings then applicable to any Bonds.

No later than the fourth Business Day immediately preceding each Bond Payment Date or Derivative Product Date on which a Reciprocal Payment or Authority Derivative Payment is due, the Authority is to give written notice to the Trustee stating the amount of any Reciprocal Payment due to be received by the Trustee or any Authority Derivative Payment to be paid to a Reciprocal Payor.

The Trustee is to deposit all moneys received representing Reciprocal Payments in the Revenue Fund to be applied in accordance with the Indenture. However, Reciprocal Payments may not be used to make an Authority Derivative Payment or to pay any other amounts owned to a Reciprocal Payor under a Derivative Product. The Trustee is to pay to the Reciprocal Payor from moneys in the Revenue Fund, in accordance with the Indenture, the amount of the Authority Derivative Payment due on such Bond Payment Date (as specified in the Authority's written notice) by the deposit or wire transfer of immediately available funds to the credit of the account of the Reciprocal Payor specified in such written notice, but only to the extent such payment will not result in a deficiency in the amount due on the next succeeding Bond Payment Date to the Owners of any Obligations having a priority higher than such Reciprocal Payor under such Derivative Product.

Funds Established by the Master Indenture

The Master Indenture establishes the following funds, all of which are to be held by the Trustee:

- (a) Program Fund (consisting of the Acquisition Account, the Cost of Issuance Account, the Negative Arbitrage Account and the Loan Recycling Account),
- (b) Revenue Fund,
- (c) Debt Service Reserve Fund,
- (d) Class I Debt Service Fund,
- (e) Class II Debt Service Fund,
- (f) Class III Debt Service Fund,
- (g) Class IV Debt Service Fund,
- (h) Redemption Fund (consisting of the Class I Special Redemption Account, the Class II Special Redemption Account, the Class III Special Redemption Account, and the Class IV Special Redemption Account),
- (i) Rebate Fund, and
- (j) Excess Earnings Fund.

A Bond Purchase Fund may be created and established by a Series Indenture to be held by a fiduciary to provide for the payment of the tender price or purchase price of Bonds as provided herein.

Allocation of Moneys, Investments and Loans Among Series

Except as otherwise provided in the Indenture, bond proceeds and other moneys relating to a Series of Bonds are to be deposited in the related subaccounts created with respect to such Series of Bonds. Loans made or purchased in connection with a Series of Bonds are to be allocated to such Series and held in the subaccount of the Acquisition Account created in connection with such Series of Bonds. The Authority may reallocate moneys, investments and Loans (or portions thereof) among Series by delivering an Authority Request to the Trustee specifying such reallocation under any of the following circumstances:

(a) if and to the extent required by the Master Indenture (including meeting certain requirements with respect to the Revenue Fund and the Debt Service Reserve Fund and in the case of an Event of Default);

(b) if and to the extent necessary to enable the Authority to deliver a Cash Flow Statement with respect to one or more Series;

(c) in connection with an Authority Request, pursuant to the Indenture, directing the Trustee to transfer moneys to the Redemption Fund to redeem certain Bonds;

(d) if and to the extent that the aggregate amount of moneys, investments and Loans allocated to any particular Series exceeds the aggregate amount of Outstanding Bonds of such Series.

Loans (or portions thereof) reallocated among Series are not required to meet the requirements of the Series Indenture Related to the Series to which such Loans (or portions thereof) are being reallocated if such Loans at the time of their original acquisition by the Authority met the requirements of the Master Indenture and the Series Indenture Related to such Loans at the time of their purchase.

Program Fund; Acquisition Account

There is to be deposited into the Related subaccount of the Acquisition Account established within the Program Fund the amount of Bond proceeds specified in each Series Indenture, other moneys specified in each Series Indenture, and any moneys transferred from the Related Cost of Issuance Account, as provided in the Master Indenture. Moneys deposited in the Acquisition Account of the Program Funds are to be applied, upon Authority Request, to finance (i) Loans that satisfy certain conditions of the Indenture, and (ii) Authority Projects.

Moneys may be withdrawn from the Acquisition Account for the financing of a Loan at the direction of the Authority upon receipt by the Trustee of an Authority Request stating the name of the person to be paid and the amount to be paid. Any moneys deposited in the Acquisition Account that the Authority certifies from time to time will not be used to purchase Loans or to finance Authority Projects are to be transferred to the Redemption Fund on the date specified in the Related Series Indenture (or such later date as may be specified by the Authority and certified by the Authority as consistent with the most recently filed Cash Flow Statement and the Related Series Indenture) and applied as provided in the Related Series Indenture. In the event that no Bonds of a particular Series remain Outstanding, moneys, investments and/or Loans are to be transferred in accordance with the Authority's Request, provided that such request is accompanied by a certification that the requested transfer is consistent with the most recently filed Cash Flow Statement for all Bonds and for any Series to which such retired Series has been linked. In the event that a Loan is financed or refinanced with proceeds of more than one Series of Bonds, provisions of the Indenture relating to a Loan, Loan Repayments, Prepayments, and moneys will be interpreted and applied to relate to such Loan, Loan Repayments, Prepayments and moneys to each Series furnishing proceeds for such Loan in proportion to the respective principal amounts of Bonds of each such Series the proceeds of which were or will be used to finance or refinance such Loan.

Loans made by the Authority must meet the following requirements: (i) such Loan complies with, and is in fulfillment of the purposes of, the Act; and (ii) at the time the Authority makes the Loan, (A) the Authority reasonably believes that such Loan meets applicable requirements under the Code as in effect or as otherwise applicable with respect to such Loan; (B) the Authority has determined that the facility being financed or refinanced as completed constitutes a Housing Facility or a Project, as the case may be, for purposes of the Act; and (C) except to the extent, if any, that a variance is required as a

condition to any insurance on, guaranty of or other security for such Loan, such Loan shall bear interest at the rate or rates and shall be payable as to both principal and interest at the time or times which shall be reasonably estimated to be sufficient to assure the timely payment of (1) the allocable portion of scheduled Fiduciary Expenses (as reasonably estimated by the Authority and not otherwise provided for), and (2) all Debt Service Payments on the portion of the Outstanding Bonds used or to be used to make Loans (assuming the receipt of scheduled Loan Repayments on other Loans and scheduled Revenues on moneys not yet used to finance or refinance Loans or held in any Fund or Account held by the Trustee other than the Rebate Fund or the Excess Earnings Fund).

Program Fund; Cost of Issuance Account

The Master Indenture establishes within the Program Fund a Cost of Issuance Account and provides that each Series Indenture is to create a subaccount in the Cost of Issuance Account. Moneys in a Series Cost of Issuance subaccount are to be used to pay Costs of Issuance of the Related Series of Bonds, and any excess moneys remaining therein after payment of all Costs of Issuance shall be transferred to the Related subaccount in the Acquisition Account.

Program Fund; Negative Arbitrage Account

Under the Master Indenture, a Series Indenture may establish for the Related Series of Bonds a Series Subaccount of the Negative Arbitrage Account. The Authority may create a separate subaccount of the Negative Arbitrage Account for any Housing Facility or Project financed or refinance in whole or in part with the proceeds of a Series of Bonds or with moneys in the Loan Recycling Account. Moneys in each such subaccount will be subject to the lien and pledge of the Indenture until the withdrawal and application thereof in accordance with the Indenture. The amount to be credited to each subaccount of the Negative Arbitrage Account shall be specified by the Authority in the Related Series Indenture or in an Authority Certificate. Any moneys collected by the Authority from a Borrower to reimburse the Authority for any Authority moneys deposited to the Related subaccount of the Negative Arbitrage Account shall be and remain the property of the Authority, and shall not be subject to the lien and pledge of the Indenture.

Moneys in each subaccount of the Negative Arbitrage Account are to be transferred to the Revenue Fund on any Bond Payment Date and/or upon completion of the related Housing Facility or Project and/or the date that amounts in the Related subaccount of the Acquisition Account or the Loan Recycling Account, as the case may be, allocable to the related Housing Facility or Project are transferred to the Redemption Fund or the Revenue Fund, pursuant to the Indenture, in an amount specified in an Authority Request.

The amount in any subaccount of the Negative Arbitrage Account with respect to a defaulted Loan is to be transferred to the related subaccount of the Redemption Fund at the time that the Authority receives or recovers any Prepayment of such Mortgage Loan, upon Authority Request. If a Loan is not closed on account of any failure to meet the conditions of the Authority's written commitment to provide the Loan or for any other reason (e.g., failure to meet the conditions of the firm commitment of a governmental insurer or guarantor to insure or guarantee such Loan), provided that the Authority has issued such written commitment with respect to such Loan and is ready and willing to close, and the Authority does not finance or refinance a substitute Housing Facility or Project, the amount in the related subaccount of the Negative Arbitrage Account is to be transferred, upon Authority Request, to the Revenue Fund. Upon the completion of a Housing Facility or Project, the date that another Housing Facility or Project is substituted for such Housing Facility Project or the date that amounts in the related subaccount of the Acquisition Account or the Loan Recycling Account, as the case may be, allocable to such Housing Facility or Project are transferred to the Redemption Fund or the Revenue Fund pursuant to the Indenture, any amounts in the related subaccount of the Negative Arbitrage Account that have not

been transferred to the Revenue Fund or to the Redemption Fund pursuant to the Indenture are to be paid by the Authority to the related Borrower to the extent and under the circumstances provided in any Agreement with such Borrower. Each subaccount of the Negative Arbitrage Account is to be terminated upon the earliest of the completion of the related Housing Facility or Project, the date that another Housing Facility or Project is substituted for the related Housing Facility or Project, the date that amounts in the related subaccount or the Loan Recycling Account, as the case may be, allocable to the related Housing Facility or Project are transferred to the Redemption Fund or the Revenue Fund pursuant to the Indenture or the date on which there is no remaining balance in such subaccount of the Negative Arbitrage Account.

Program Fund; Loan Recycling Account

There is to be transferred into the Loan Recycling Accounts amounts from the Revenue Fund as described in "Allocation of Moneys in the Revenue Fund" under this caption. Loans (or portions thereof) allocated to a Series of Bonds and financed or refinanced with moneys in the related subaccount of the Loan Recycling Account are to be held in such subaccount of the Loan Recycling Account. Before any moneys are transferred to the Loan Recycling Account from the Revenue Fund pursuant to the Indenture, the Authority is to file with the Trustee: (i) a Cash Flow Statement; (ii) an Authority Certificate demonstrating that the Class Asset Requirements will be met; (iii) a rating agency Confirmation, except to the extent a previous Cash Flow Statement, Authority Certificate and Confirmations shall apply to such transfer and the Loans to be made with such amounts. Amounts on deposit in the Loan Recycling Account are to be applied, upon Authority Request, (i) to finance or refinance Loans that satisfy the requirements of the Indenture, and (ii) to finance or refinance Authority Projects. The Trustee is to withdraw moneys from the related subaccount of the Loan Recycling Account for the financing of a Loan upon receipt of an Authority Request stating (i) the name of the person to be paid and (ii) the amount to be paid. Moneys remaining in the related subaccount of the Loan Recycling Account on the date set forth in the Cash Flow Statement in connection with which such moneys were deposited in such subaccount are to be withdrawn by the Trustee on such date (or such earlier date or dates as may be specified by the Authority), and are to be transferred to the Revenue Fund.

Revenue Fund

The Master Indenture provides that each Series Indenture shall create a subaccount for the related Series of Bonds in the Revenue Fund. All Revenues related to each Series of Bonds, in addition to certain amounts transferred from the Negative Arbitrage Account, Loan Recycling Account, Debt Service Fund for each Class, Special Redemption Account for each Class, Rebate Fund and Excess Earnings Fund in accordance with the Indenture, are to be deposited in the related Subaccount of the Revenue Fund.

The Trustee is to pay from the related subaccount of the Revenue Fund (i) all Fiduciary Expenses when payable, and (ii) reasonable and necessary Administrative Expenses as provided in the following paragraph.

Allocation of Moneys in the Revenue Fund

On the last Business Day Prior to each Bond Payment Date or Derivative Payment Date, or more frequently if required by a Series Indenture, or on the other dates specifically provided below, moneys in each subaccount of the Revenue Fund are to be transferred by the Trustee to the Related (or Unrelated, as provided below) subaccounts of the following Funds and Accounts in the following order of priority:

- (a) Related Subaccounts of Rebate Fund. On each December 31, an amount to be calculated by the Authority which, together with the amount therein, will equal the Rebate

Requirement related to the Tax-Exempt Bonds of each respective Series, as determined by the Authority;

(b) Related Subaccounts of the Excess Earnings Fund. On each December 31, an amount to be calculated by the Authority which, together with the amount therein, will equal the amount determined by the Authority to be required to be on deposit therein;

(c) Related Subaccounts of Class I Debt Service Fund. An amount which, together with the amount therein, will equal (x) the interest due and payable on the next Bond Payment Date on all Class I Bonds of the Related Series then Outstanding and any Authorized Derivative Payment secured on a parity with the Class I Bonds accrued and unpaid as of such date; plus (y) the aggregate amount of Principal Installments becoming due and payable on the Outstanding Class I Bonds of the Related Series on such Bond Payment Date or, if such date is not a date for payment of such Principal Installments, an amount that, if made in substantially equal installments on each subsequent Bond Payment Date to an including the next Bond Payment Date that is a date for the payment of Principal Installments on related Class I Bonds, will equal the amount of the Principal Installments becoming due and payable on Outstanding Related Class I Bonds on such next Bond Payment Date;

(d) Unrelated Subaccounts of Class I Debt Service Fund. Any deficiency in such subaccount(s) of the Class I Debt Service Fund, after making any requisite transfers from the Related Debt Service Reserve Fund, resulting from the lack of moneys sufficient to make the deposit described in (c) above as of such date, on a proportionate basis with all other Unrelated such subaccounts or as otherwise directed by Authority Request;

(e) Related Subaccounts of Loan Recycling Account (Upon Authority Elections) or Class I Special Redemption Account or any combination thereof. The amount, if any, needed to ensure that the Class I Asset Requirement of the Related Series of Bonds will be met on such Bond Payment Date following such transfer, provided that any election by the Authority to make deposits into the Loan Recycling Account must be evidenced by an Authority Certificate filed with the Trustee;

(f) Unrelated Subaccounts of Class I Special Redemption Account. Any deficiency in such subaccount(s) resulting from the lack of moneys sufficient to make the deposit described in (e) above as of such date, on a proportionate basis with all other Unrelated such subaccounts or as otherwise directed by Authority Request;

(g) Related Subaccount of Class II Debt Service Fund. An amount which, together with the amount therein, will equal (x) the interest due and payable on the next Bond Payment Date on all Class II Bonds of the Related Series then Outstanding and any Authorized Derivative Payment secured on a parity with the Class II Bonds accrued and unpaid as of such date; plus (y) the aggregate amount of Principal Installments becoming due and payable on the Outstanding Class II Bonds of the Related Series on such Bond Payment Date or, if such date is not a date for payment of such Principal Installments, an amount that, if made in substantially equal installments on each subsequent Bond Payment Date to an including the next Bond Payment Date that is a date for the payment of Principal Installments on related Class II Bonds, will equal the amount of the Principal Installments becoming due and payable on Outstanding Related Class II Bonds on such next Bond Payment Date;

(h) Unrelated Subaccounts of Class II Debt Service Fund. Any deficiency in such subaccount(s) of the Class II Debt Service Fund, after making any requisite transfers from the

Related Debt Service Reserve Fund, resulting from the lack of moneys sufficient to make the deposit described in (g) above as of such date, on a proportionate basis with all other Unrelated such subaccounts or as otherwise directed by Authority Request;

(i) Related Subaccount of Debt Service Reserve Fund. An amount, if any, which, together with the available amount of any Qualified Surety Bond therein, will equal the Debt Service Reserve Fund Requirement of the Related Series of Bonds;

(j) Unrelated Subaccounts of Debt Service Reserve Fund. Any deficiency in such subaccount(s) resulting from the lack of Related Revenues sufficient to make the deposit described in (i) above as such date on a proportionate basis with all other Unrelated such subaccounts or as otherwise directed by Authority Request;

(k) Related Subaccount of Loan Recycling Account (Upon Authority Election) or Class II Special Redemption Account or any combination thereof. An amount, if any, needed to ensure that the Class II Asset Requirement of the Related Series Bonds will be met on such Bond Payment Date following such transfer, provided that any election by the Authority to make deposits into the Loan Recycling Account must be evidenced by an Authority Certificate filed with the Trustee;

(l) Unrelated Subaccounts of the Class II Special Redemption Account. Any deficiency in such subaccount resulting from the lack of moneys sufficient to make the deposit described in (k) above as of such date, on a proportionate basis with all other Unrelated such subaccounts or as otherwise directed by Authority Request;

(m) To the Authority. An amount of any reasonable and necessary Fiduciary Expenses with respect to the Related Series of Bonds previously incurred but not reimbursed to the Authority or reasonably anticipated to be payable in the following six months; provided, however, that in no event shall the aggregate of all Fiduciary Expenses with respect to the Related Series of Bonds paid directly to Fiduciaries or to the Authority under this paragraph (m) exceed any limitation set forth in the Related Series Indenture for any period;

(n) To the Authority. An amount equal to any deficiency in moneys to pay reasonable and necessary Fiduciary Expenses with respect to Unrelated Series of Bonds resulting from the lack of moneys sufficient to make the deposit described in (m) above as of such date on a proportionate basis with all other Unrelated Series of Bonds or as otherwise directed by Authority Request;

(o) Related Subaccount of Class III Debt Service Fund. An amount which, together with the amount therein, will equal (x) the aggregate amount of interest becoming due and payable on such Bond Payment Date or Derivative Payment Date upon all Class III Bonds of the Related Series then Outstanding and any Authority Derivative Payment secured on a parity with the Class III Bonds accrued and unpaid as of such date; plus (y) the aggregate amount of Principal Installments required to be paid for the Outstanding Class III Bonds of the Related Series on such Bond Payment Date or, if such Bond Payment Date is not a date for the payment of such Principal Installments on Related Class III Bonds, an amount that, if made in substantially equal installments on each subsequent Bond Payment Date to an including the next Bond Payment Date that is a date for the payment of Principal Installments on related Class III Bonds, will equal the amount of the Principal Installments becoming due and payable on Outstanding Related Class III Bonds on such next Bond Payment Date;

(p) Unrelated Subaccounts of Class III Debt Service Fund. Any deficiency in such subaccounts (after making any requisite transfers from the Related subaccount of the Debt Service Reserve Fund) resulting from the lack of moneys sufficient to make the deposit described in (o) above as of such date, on a proportionate basis with all other Unrelated such subaccounts or as otherwise directed by Authority Request.

(q) To the Authority. An amount of any reasonable and necessary Administrative Expenses with respect to the Related Series of Bonds previously incurred but not reimbursed to the Authority or reasonably anticipated to be payable in the following six months; provided, however, that in no event shall the aggregate of such amounts paid to the Authority, plus amounts paid to the Authority with respect to such Series of Bonds pursuant to paragraphs (m) and (n) above and plus all Fiduciary Expenses with respect to the Related Series of Bonds paid directly to Fiduciaries exceed any limitations set forth in the Related Series Indenture;

(r) To the Authority. An amount equal to any deficiency in moneys to pay the reasonable and necessary Administrative Expenses with respect to Unrelated Series of Bonds resulting from the lack of moneys sufficient to make the deposit described in (q) above, on a proportionate basis with all other Unrelated Series of Bonds or as otherwise directed by Authority Request;

(s) Related Subaccount of Loan Recycling Account (Upon Authority Election) or Redemption Fund or any combination thereof. An amount, if any, necessary to satisfy the Class III Asset Requirement of the Related Series of Bonds, calculated as of such next succeeding Bond Payment Date and giving effect to such transfer, which amount shall be allocated to the Related subaccounts of the Class I Special Redemption Account, the Class II Special Redemption Account and the Class III Special Redemption Account on the basis of the relative ratios represented by the Aggregate Principal Amounts Outstanding of the Related Class I Bonds, Class II Bonds and Class III Bonds, respectively, to the Aggregate Principal Amount of all Related Class I, Class II and Class III Bonds Outstanding, provided that any election by the Authority to make deposits into the Loan Recycling Account must be evidenced by an Authority Certificate filed with the Trustee;

(t) Unrelated Subaccounts of Redemption Fund. On a proportionate basis with all other Unrelated such subaccounts or as otherwise directed by Authority Request, the additional amount, if any, necessary (after the deposits required by paragraph (s) above for the Related Series of Bonds) to satisfy the Class III Asset Requirement of such Unrelated Series of Bonds, calculated as of such next succeeding Bond Payment Date and giving effect to such transfer, which amount shall be allocated to the applicable subaccount of the Class I Special Redemption Account, the Class II Special Redemption Account and the Class III Special Redemption Account on the basis of the relative ratios represented by the Aggregate Principal Amount Outstanding of the applicable Class I Bonds, Class II Bonds and Class III Bonds, respectively, to the Aggregate Principal Amount of all applicable Class I, Class II, and Class III Bonds Outstanding (for purposes of this paragraph (t), "applicable" means Related to such Unrelated Series);

(u) Related Subaccount of Class IV Debt Service Fund. An amount which, together with the amount herein, will equal (x) the aggregate amount of interest becoming due and payable on such Bond Payment Date or Derivative Payment Date upon all Class IV Bonds of the Related Series then Outstanding and any Authority Derivative Payment secured on a parity with the Class IV Bonds accrued and unpaid as of such date; plus (y) the aggregate amount of Principal Installments required to be paid for the Outstanding Class IV Bonds of the Related Series on such Bond Payment Date;

(v) Unrelated Subaccounts of Class IV Debt Service Fund. Any deficiency (after making any requisite transfers from the Related Subaccount of the Debt Service Reserve Fund) in such subaccounts resulting from the lack of moneys sufficient to make the deposit described in (u) above as of such date, on a proportionate basis with all other Unrelated such subaccounts or as otherwise directed by Authority Request; and

(w) Upon Authority Request, Related Subaccount of the Loan Recycling Account. In order to finance or refinance Loans or Authority Projects, to the extent permitted by the applicable Series Indenture.

The balance, if any, in each subaccount of the Revenue Fund (or such lesser amount as requested by the Authority) is to be paid to the Authority for the payment of Administrative Expenses or for any other purpose free and clear of any lien and pledge of the Indenture upon receipt of an Authority Request made within 30 days of such Bond Payment Date. Any balance remaining after such payment to the Authority is to be transferred to the Related subaccounts of the Redemption Fund and allocated as provided in (s) above or as set forth in an Authority Request, subject to any limitation or requirements specified in the Related Series Indenture.

In the event Bonds are to be redeemed on a date other than a Bond Payment Date, and to the extent moneys are not available in the Related subaccounts of the Class I Debt Service Fund, the Class II Debt Service Fund, the Class III Debt Service Fund or the Class IV Debt Service Fund to pay accrued interest on such redemption date for such Class I Bonds, Class II Bonds, Class III Bonds and Class IV Bonds, respectively, the Trustee is to apply or cause the Paying Agent to apply available moneys in the Related subaccount of the Revenue Fund for the payment of such interest.

Debt Service Funds

There is created a Class I Debt Service Fund, Class II Debt Service Fund, Class III Debt Service Fund and Class IV Debt Service Fund, and pursuant to each Series Indenture, subaccounts in each such Fund for each Series of Bonds. Amounts in each series subaccount of each Debt Service Fund are to be used and withdrawn by the Trustee solely for transfer to the Paying Agent (i) on each Bond Payment Date and Derivative Payment Date for the purpose of paying first the interest then the Principal Installments on the Related Class and Series of Bonds and any Authority Derivative Payment secured on a parity with the Related Class and Series of Bonds as the same shall become due and payable (including accrued interest on any Bonds of the Related Class purchased or redeemed prior to maturity pursuant to the Indenture) or (ii) on each purchase date for the purpose of paying the purchase price of the Related Class and Series of Bonds purchased in lieu of redemption by the Sinking Fund Installments for the Related Class of Bonds.

Amounts remaining in each subaccount of the Debt Service Funds after all Bonds of the Related Class has been paid or funds have been set aside and held in trust for such payment are to be transferred to the Related subaccount of the Revenue Fund.

Debt Service Reserve Fund

Upon the issuance, sale and delivery of a Series of Bonds pursuant to the Indenture, the Trustee is to deposit in the Related subaccount of the Debt Service Reserve Fund such amounts, if any, as are required by the provisions of the Related Series Indenture, which aggregate amount, together with the available amount of any Qualified Surety Bond or Bonds in the Debt Service Reserve Fund, is to be at least sufficient to equal the Debt Service Reserve Fund Requirement relating to such Series of Bonds, calculated after giving effect to the issuance of such Bonds. Additional moneys may be deposited in the Related subaccount of the Debt Service Reserve Fund in accordance with the Master Indenture.

On the last Business Day prior to each Bond Payment Date or more frequently if required by a Series Indenture, and in each case in conjunction with the transfers, deposits and payments to be made from the Revenue Fund as provided in the Master Indenture, the Trustee is to transfer from each subaccount of the Debt Service Reserve Fund to the specified subaccounts of other Funds or Accounts the following amounts (from any cash, Investment Securities or Qualified Surety Bonds therein), in the following order of priority:

(a) Related Subaccount of Class I Debt Service Fund. In the event that the amount transferred to any subaccount of the Class I Debt Service Fund from the Related subaccount of the Revenue Fund is insufficient to pay the interest and Principal Installments, if any, due on the Class I Bonds of the Related Series on the next succeeding Bond Payment Date, the amount of such insufficiency is to be transferred from the Related subaccount of the Class I Debt Service Reserve Fund;

(b) Unrelated Subaccounts of Class I Debt Service Fund. In the event that the amount transferred to a subaccount of the Class I Debt Service Fund from Unrelated subaccounts of the Revenue Fund is insufficient to pay the interest and Principal Installments, if any, due on Class I Bonds of the Related Series on the next succeeding Bond Payment Date, the amount of such insufficiency is to be transferred from Unrelated subaccounts in the Debt Service Reserve Fund, on a proportionate basis or as otherwise directed by Authority Request.

(c) Related Subaccount of Class II Debt Service Fund. In the event that the amount transferred to any subaccount of the Class II Debt Service Fund from the Related subaccount of the Revenue Fund is insufficient to pay the interest and Principal Installments, if any, due on the Class II Bonds of the Related Series on the next succeeding Bond Payment Date, the amount of such insufficiency is to be transferred from the Related subaccount of the Debt Service Reserve Fund.

(d) Unrelated Subaccounts of Class II Debt Service Fund. In the event that the amount transferred to any subaccount of the Class II Debt Service Fund from the Unrelated subaccount of the Revenue Fund is insufficient to pay the interest and Principal Installments, if any, due on the Class II Bonds of the Related Series on the next succeeding Bond Payment Date, the amount of such insufficiency is to be transferred from Unrelated subaccounts in the Debt Service Reserve Fund, on a proportionate basis or as otherwise directed by Authority Request.

(e) Related Subaccount of Class III Debt Service Fund. In the event that the amount transferred to any subaccount of the Class III Debt Service Fund from the Related subaccount of the Revenue Fund is insufficient to pay the interest and Principal Installments, if any, due on the Class III Bonds of the Related Series on the next succeeding Bond Payment Date, the amount of such insufficiency is to be transferred from the Related subaccount of the Debt Service Reserve Fund; provided, however, that no such transfer may result in (A) the amount on deposit in the Related subaccount of the Debt Service Reserve Fund being reduced to an amount less than any minimum deposit specified in the Related Series Indenture or (B) a failure to meet the Related Class II Asset Requirement.

(f) Unrelated Subaccounts of Class III Debt Service Fund. In the event that the amount transferred to any subaccount of the Class III Debt Service Fund from the Unrelated subaccounts of the Revenue Fund is insufficient to pay the interest and Principal Installments, if any, due on the Class III Bonds of the Related Series on the next succeeding Bond Payment Date, the amount of such insufficiency is to be transferred from the Unrelated subaccounts of the Debt Service Reserve Fund on a proportionate basis or as otherwise directed by Authority Request;

provided, however, that no such transfer may result in (A) the amount on deposit in a subaccount of the Debt Service Reserve Fund being reduced to an amount less than any minimum deposit specified in the Related Series Indenture or (B) a failure to meet the Related Class II Asset Requirement.

(g) Related Subaccount of Class IV Debt Service Fund. In the event that the amount transferred to any subaccount of the Class IV Debt Service Fund from the Related subaccounts of the Revenue Fund is insufficient to pay the interest and Principal Installments on the Class IV Bonds of the Related Series on the next succeeding Bond Payment Date, the amount of such insufficiency is to be transferred from the Related subaccount of the Debt Service Reserve Fund; provided, however, that no such transfer may result in (A) the amount on deposit in the Related subaccount of the Debt Service Reserve Fund being reduced to an amount less than any minimum deposit specified in the Related Series Indenture or (B) a failure to meet the Related Class III Asset Requirement.

(h) Unrelated Subaccounts of Class IV Debt Service Fund. In the event that the amount transferred to any subaccount of the Class IV Debt Service Fund from the Unrelated subaccounts of the Revenue Fund is insufficient to pay the interest, and Principal Installments, if any, due on the Class IV Bonds of the Related Series on the next succeeding Bond Payment Date, the amount of such insufficiency is to be transferred from Unrelated subaccounts of the Debt Service Reserve Fund on a proportionate basis or as otherwise directed by Authority Request; provided, however, that no such transfer may result in (A) the amount on deposit in a subaccount of the Debt Service Reserve Fund being reduced to an amount less than any minimum deposit specified in the Related Series Indenture or (B) a failure to meet the Related Class III Asset Requirement.

On or prior to each Bond Payment Date, the Trustee is to determine the Debt Service Fund Requirement for each Series of Bonds as of the next succeeding Bond Payment Date. Any amount which will then be in the Related subaccount of the Debt Service Reserve Fund (other than amounts attributable to accrued, but unrealized, interest purchased on Investment Securities) in excess of such Requirement is to be transferred by the Trustee to the Related Subaccount of the Revenue Account, upon notification of the Authority and unless otherwise instructed by an Authority Request.

Redemption Fund

There is created a Redemption Fund and within such Fund, a Class I Special Redemption Account, a Class II Special Redemption Account, a Class III Special Redemption Account and a Class IV Special Redemption Account. Within each such Class Special Redemption Account there will be created a subaccount for each Series of Bonds. Moneys transferred to any Class Special Redemption Account of the Redemption Fund from the Revenue Fund are to be used to purchase or redeem Bonds of the Class in respect of which the subaccount was established. However, at any time prior to the transmission of the notices of redemption, the Authority may by delivery of an Authority Request instruct the Trustee to transfer moneys on deposit in a Series subaccount of a Class Special Redemption Account in the Redemption Fund to another Series subaccount of the same Class Special Redemption Account in the Redemption Fund to be applied as provided in the Indenture to the redemption of the same Class of Bonds but a different Series. Such Authority Request (i) shall certify that it is consistent with the most recently filed Related Cash Flow Statement and not prohibited by the Related Series Indenture and (ii) shall be accompanied by evidence of satisfaction of all Asset Requirements for the Related Series. See Part I.

Any amounts remaining in any subaccount after all Bonds of the Related Class and Related Series have been paid are to be transferred to the Related subaccount of the Revenue Fund.

Credit Against Sinking Fund Installments

Upon any redemption (other than by Class I Sinking Fund Installment, Class II Sinking Fund Installment, Class III Sinking Fund Installment or Class IV Sinking Fund Installment) of Bonds for which Class I Sinking Fund Installments, Class II Sinking Fund Installments, Class III Sinking Fund Installments or Class IV Sinking Fund Installments have been established, or any purchase in lieu thereof, there is to be credited by the Trustee and the Bond Registrar toward the Class I Sinking Fund Installments, Class II Sinking Fund Installment, Class III Sinking Fund Installments or Class IV Sinking Fund Installments thereafter to become due with respect thereto, on a proportionate basis and in increments of the applicable minimum denomination, an amount bearing the same ratio to each such Class I Sinking Fund Installment, Class II Sinking Fund Installment, Class III Sinking Fund Installment or Class IV Sinking Fund Installment as the total principal amount of such Class and maturity of Bonds so purchased or redeemed bears to the total amount of all such Class I Sinking Fund Installments, Class II Sinking Fund Installments, Class III Sinking Fund Installments or Class IV Sinking Fund Installments to be credited; provided, however, that, if there shall be filed with the Trustee and the Bond Registrar an Authority Request specifying a different method for crediting Class I Sinking Fund Installments, Class II Sinking Fund Installments, Class III Sinking Fund Installments or Class IV Sinking Fund Installments upon any such purchase or redemption of Bonds and certifying that such Authority Request is consistent with the most recently filed Related Cash Flow Statement and the Related Series Indenture, then such Sinking Fund Installments shall be so credited as shall be provided in such Authority Request. The portion of any such Class I Sinking Fund Installment, Class II Sinking Fund Installment, Class III Sinking Fund Installment or Class IV Sinking Fund Installment remaining after the deduction of any such amounts credited towards the same (or the original amount of any such Class I Sinking Fund Installment, Class II Sinking Fund Installment, Class III Sinking Fund Installment or Class IV Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Class I Sinking Fund Installment, Class II Sinking Fund Installment, Class III Sinking Fund Installment or Class IV Sinking Fund Installment for the purpose of calculation of Class I Sinking Fund Installments, Class II Sinking Fund Installments, Class III Sinking Fund Installments and Class IV Sinking Fund Installments due on or scheduled for a future date.

Authority Payment Accounts

There may be created an Authority Payment Account within each Debt Service Fund and, within each such Authority Payment Account, a Series Indenture may create a subaccount for each Series of Bonds. If, following transfers made from the Revenue Account and the Debt Service Reserve Fund, there are not sufficient moneys to pay all interest due and payable on any General Obligation Bond or to pay any Principal Installment on any General Obligation Bond, the Authority is to pay to the Trustee for deposit in the Related subaccounts of the Authority Payment Accounts (upon notification of such insufficiency) the amount of such insufficiency from the Authority's other general revenues or moneys legally available therefor, subject only to agreements made or to be made with holders of notes or bonds pledging particular revenues or moneys for the payment thereof. If the amount provided by the Authority is less than the amount of such insufficiency, any shortfall is to be allocated pro rata among the holders of the Related General Obligation Bonds in proportion to the amounts then due and payable on such Bonds.

Amounts deposited in the Related subaccounts of the Authority Payment Accounts are only to be used to pay interest or Principal Installments due and payable on the Related General Obligation Bonds and may not be transferred to any Debt Service Fund for Bonds which are not General Obligation Bonds or to any other Fund or Account for any reason.

Investment of Funds

Moneys in all Funds and Accounts held by the Trustee shall be invested to the fullest extent possible in Investment Securities which mature or may be redeemed at the option of the holder not later than the times when such moneys shall be needed for payments to be made from such Funds or Accounts. Investments are to be made by the Trustee in accordance with instructions received from the Authority and may be made by the Trustee through its own bond department, commercial banking department or commercial paper department or with investment companies for which the Trustee or its affiliates may provide advisory, administrative, custodial or other services for compensation.

The interest or income earned by, or gain to, all Funds and Accounts due to the investment thereof shall be transferred to the related subaccount of the Revenue Fund, except that such income, interest or gain shall be retained in the Debt Service Reserve Fund unless, after giving effect to the transfer, the amount therein at least equals the aggregate Debt Service Reserve Fund Requirement.

Notwithstanding anything in the Indenture to the contrary, proceeds from any Credit Enhancement Facility or Liquidity Facility are to be held uninvested.

Creation of Liens

The Authority shall not issue any bonds or other evidences of indebtedness, other than the Bonds, secured by a pledge of the Revenues or of the moneys, securities, rights or interests pledged or held or set aside by the Authority or by any Fiduciary under the Indenture, except that the Authority may issue (i) evidences of indebtedness secured by a pledge of the Revenues to be derived after the pledge of the Revenues provided in the Indenture has been discharged and satisfied; or (ii) notes or bonds of the Authority not secured under the Indenture; or (iii) notes or bonds which are general obligations of the Authority under the Act.

Covenants Relating to Loans

The Authority has covenanted to use the proceeds of Bonds and other moneys deposited in the Funds and Accounts only in accordance with the provisions of the Indenture.

The Authority shall at all times charge and collect Loan Repayments and other amounts with respect to the Loans which, together with any other moneys estimated to be available therefor (including Prepayments, but excluding the Rebate Requirement and any Excess Earnings), are estimated to be at least sufficient for the payment of the sum of:

- (a) the aggregate Debt Service Payments; and
- (b) Administrative Expenses, as projected by the Authority.

The Authority has covenanted not to sell any Loan or any Authority Project, except in the event of a default on such Loan, unless the Authority determines that such sale would not have a material adverse effect on the ability of the Authority to pay the principal of and interest on the Outstanding Bonds.

The Authority has covenanted not to modify the financial terms of any Loan or any security therefor which will in any manner materially adversely affect the interests of the Owners of the Bonds, as determined in good faith by the Authority.

The Authority has covenanted to diligently enforce, and take all reasonable steps, actions and proceedings necessary for the enforcement of, all terms, covenants and conditions of all Loans and the preservation and protection of the rights and privileges of the Authority, the Trustee and the Bondholders thereunder.

Certain Other Covenants

Creation and Use of Rebate Account

There is created pursuant to each Series Indenture relating to any tax-exempt Bonds a special and a separate subaccount within the Rebate Fund to be held by the Authority for such Series of Bonds (the "**Series Rebate Account**"). There shall be transferred in accordance with the Indenture into the Series Rebate Account such amounts as shall be required to be deposited therein in accordance with Authority Certificates to meet the Authority's obligations under the covenant described below under "Tax Covenant." Amounts in the Series Rebate Account shall be used for the purpose of making the payments to the United States required by such covenant and Section 148(f) of the Tax Code. Any amounts in the Series Rebate Account in excess of those required to be on deposit therein as described below under "Tax Covenant" and Section 148(f) of the Tax Code may be withdrawn therefrom and deposited into the Revenue Fund.

Creation and Use of Excess Earnings Fund

All amounts in a subaccount of the Excess Earnings Fund relating to any tax-exempt Bonds, including all investment earnings thereon, shall remain therein until transferred or paid by the Trustee to such other Fund or the United States Department of the Treasury or for such other purpose, as the Authority shall specify, upon receipt by the Trustee of (a) an Authority Request directing the Trustee to so transfer or pay a specified amount, and (b) a written opinion of Bond Counsel to the effect that any such transfer or payment, upon satisfaction of any conditions set forth in such opinion (e.g., forgiveness of indebtedness on all or a portion of the Loans), would not cause interest on such Bonds to be includable in the gross income of the Owners thereof for federal income tax purposes. Upon receipt of an opinion of Bond Counsel that the balance in a subaccount of the Excess Earnings Fund is in excess of the amount required to be included therein, such excess shall be transferred to the Revenue Fund. Moneys in a subaccount of the Excess Earnings Fund may be used to purchase Loans in the Related subaccount of the Acquisition Account or the Loan Recycling Account, at a purchase price equal to the unpaid balances of the principal amounts of such Loans plus accrued interest, if any, thereon, and any unamortized premium, and any such Loans so purchased shall be credited to such subaccount of the Excess Earnings Fund. Loans in a subaccount of the Excess Earnings Fund may be exchanged for Loans in the Related subaccount of the Acquisition Account or the Loan Recycling Account having an aggregate principal balance not less than the aggregate principal balance of such Loans in such subaccount for the Excess Earnings Fund, upon receipt by the Trustee of an Authority Request specifying the Loans to be so exchanged. If, on the final maturity of all of a Series, there is a balance in a subaccount of the Excess Earnings Fund which is allocated to payments related to such Series, and the Trustee has not received directions meeting the requirements of the preceding sentence for the disposition of such balance, the Trustee shall obtain an opinion of Bond Counsel as to the purposes, if any, to which such balance may be applied without adversely affecting the federal income tax status of interest on such Bonds, and shall thereafter dispose of such balance in accordance with such opinion. Records of the calculation of Excess Earnings and the Excess Earnings Fund shall be retained by the Authority until six years after the retirement of all of the Bonds of the Related Series.

Tax Covenant

The Authority will covenant for the benefit of the owners of the each Series of tax-exempt Bonds that it will not take any action or omit to take any action with respect to such Series of Bonds, the proceeds thereof, or any other funds of the Authority or any facilities financed with the proceeds of such Series of Bonds, if such action or omission would cause the interest on such Series of Bonds, to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Tax Code, would subject the Authority to any penalties under Section 148 of the Tax Code, or would cause such Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Tax Code. The foregoing covenants shall remain in full force and effect notwithstanding the payment in full or defeasance of such Series of Bonds until the date on which all obligations of the Authority in fulfilling the above covenant under the Tax Code have been met.

Events of Default under the Indenture and Remedies

Each of the following events constitutes an "Event of Default":

(a) default shall be made in the payment of any Principal Installment of any Class I Bond when and as the same shall become due and payable, whether at maturity or by call for redemption or otherwise;

(b) default shall be made in the payment of any installment of interest on any Class I Bond when and as the same shall become due and payable, or any other payment due under any other Class I Obligations when due and payable;

(c) default shall be made in the payment of any Principal Installment or interest on any Class II Bond or any other payment due under any other Class II Obligations when due and payable, provided that sufficient moneys for such payment are available in the Class II Debt Service Fund;

(d) default shall be made in the payment of any Principal Installment or interest on any Class III Bond or any other payment due under any other Class III Obligations when due and payable, provided that sufficient moneys for such payment are available in the Class III Debt Service Fund;

(e) default shall be made in the payment of any Principal Installment or interest on any Class IV Bond or any other payment due under any other Class IV Obligations when due and payable, provided that sufficient moneys for such payment are available in the Class IV Debt Service Fund;

(f) default shall be made by the Authority in the performance or observance of any other covenant, agreement or condition on its part contained in the Indenture (except the requirement that the Authority pay amounts to the Trustee from its other revenues, moneys or assets in connection with General Obligation Bonds) or in the Bonds, and such default shall continue for a period of 60 days after written notice thereof to the Authority by the Trustee or to the Authority and to the Trustee by the Holders of not less than 10% in principal amount of the Bonds Outstanding; or

(g) the Authority shall file a petition seeking a composition of indebtedness under the federal bankruptcy laws or under any other applicable law or statute of the United States or of the State.

Upon the occurrence of an Event of Default the Trustee may, and upon the written request of the Owners of not less than 25% in principal amount of the Bonds Outstanding following an Event of Default described in paragraphs (a), (b), (c), (d), (e), and (g) above, and 50% in principal amount of the Bonds Outstanding following an Event of Default described in paragraph (f) above, shall give 30 days' notice in writing to the Authority of its intention to declare all Outstanding Obligations due and payable immediately. After such 30-day period the Trustee may, and upon written request of Owners of not less than 25% (except with respect to an Event of Default described in paragraph (f) or (g) above, to the extent provided in the following sentence) in principal amount of the Bonds Outstanding shall, declare all Bonds Outstanding, plus all interest accrued therein and which will accrue to the date of payment, immediately due and payable by notice to the Authority. Notwithstanding the foregoing, following an Event of Default described in paragraphs (f) or (g) above (except for a default which could adversely affect the exclusion from gross income for federal income tax purposes of interest on any Tax-Exempt Bonds), the Trustee shall not declare all Obligations Outstanding immediately due and payable unless so directed by written request of Owners of 100% in principal amount of Bonds Outstanding. The Trustee may (and at the direction of the Owners of a majority in aggregate principal amount of Outstanding Bonds, shall) annul such declaration and its consequences if (i) money shall have been deposited in the Revenue Fund sufficient to pay all matured installments of interest and principal or Redemption Price (other than principal then due only because of such declaration) of all Outstanding Obligations; (ii) moneys shall have been deposited with the Trustee sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee; (iii) all other amounts then payable by the Authority under the Indenture shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee; and (iv) every event of Default known to the Trustee (other than a default in the payment of the principal of such Bonds then due only because of such declaration) shall have been remedied to the satisfaction of the Trustee.

Upon the occurrence of an Event of Default, the Trustee may, and upon the written request of the Owners of not less than 25% in principal amount of Outstanding Bonds, together with indemnification of the Trustee to its satisfaction, shall, proceed with such suits, actions or proceedings as the Trustee, being advised by counsel, shall deem expedient, including but not limited to:

- (i) enforcement of the right of Bondholders to collect and enforce the payment of principal and interest due or becoming due on Loans and collect and enforce any rights in respect to the Loans or other security or mortgages securing such Loans and to require the Authority to carry out its duties under the terms of the Indenture and the Act;
- (ii) suit upon all or any part of the Obligations;
- (iii) civil action to require the Authority to account as if it were the trustee of an express trust for the Owners;
- (iv) civil action to enjoin any acts or things which may be unlawful or in violation of the rights of the Owners; and
- (v) enforcement of any other rights of the Owners conferred by law or the Indenture.

The Trustee may waive any Event of Default which in its opinion shall have been remedied before the entry of final judgment or decree in any proceeding instituted by it under the Indenture or before the completion of the enforcement of any other remedy under the Indenture. Any waiver by the Trustee of an Event of Default shall not extend to any subsequent or other Event of Default or impair any right consequent thereon.

Regardless of the happening of an Event of Default, the Trustee, if requested in writing by the Holders of not less than 25% in principal amount of the Bonds then Outstanding, shall, upon being indemnified to its satisfaction therefor, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient (i) to prevent any impairment of the security under the Indenture by any acts which may be unlawful or in violation of the Indenture or (ii) to preserve or protect the interests of the Owners, provided that such request is in accordance with law and the provisions of the Indenture and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of the Owners of the Bonds not making such request.

It is further provided that no Bondholder shall have any right to institute any action unless such Holder shall have given to the Trustee written notice of an Event of Default described under paragraphs (a), (b) or (c) above and unless the holders of not less than 25% in principal amount of the Bonds then Outstanding shall have made written request of the Trustee and shall have afforded the Trustee a reasonable opportunity to proceed to institute action and unless, also, there shall have been offered to the Trustee reasonable security and indemnity, and the Trustee shall have refused or neglected to comply with such request within 60 days after receipt.

General Obligation Bonds Events of Default and Remedies

Any failure by the Authority to pay interest on any General Obligation Bond when due or to pay any Principal Installment on any General Obligation Bond at maturity, provided such failure does not constitute an Event of Default as described above, constitutes a "General Obligation Bond Default" under the Indenture. A General Obligation Bond Default does not constitute an Event of Default under the Indenture and does not affect the priority of the lien and pledge granted Owners of Bonds under the Indenture.

Upon the occurrence of a General Obligation Bond Default, the Trustee may and, upon the written request of the Owners of note less than 25% in Aggregate Principal Amount of Outstanding General Obligation Bond shall, give 30 days' notice in writing to the Authority of its intention to declare the Aggregate Principal Amount of all General Obligation Bonds Outstanding immediately due and payable. At the end of such 30-day period the Trustee may, and upon such written request of Owners of not less than 25% in Aggregate Principal Amount of Outstanding General Obligation Bonds shall, by notice in writing to the Authority, declare the Aggregate Principal Amount of all General Obligation Bonds Outstanding immediately due and payable; and the Aggregate Principal Amount of such General Obligation Bonds shall become and be immediately due and payable. In such event, there shall be due and payable on the General Obligation Bonds an amount equal to the total principal amount of all such Bonds, plus all interest which will accrue thereon to the date of payment.

The Trustee may annul such declaration and its consequences if (i) moneys shall have been deposited in the Related Authority Payment Account sufficient to pay all matured installments of interest and principal or Redemption Price (other than principal then due only because of such declaration) of all Outstanding General Obligation Bonds; and (ii) money shall have been deposited with the Trustee sufficient to pay the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee.

Upon the occurrence and continuance of a General Obligation Bond Default, the Trustee may, and upon the written request of the Owners of not less than 25% in Aggregate Principal Amount of the General Obligation Bonds Outstanding, together with indemnification of the Trustee to its satisfaction therefor, shall, proceed forthwith to protect and enforce the rights of the Owners of General Obligation Bonds under the Act, the General Obligation Bonds and the Indenture by such suits, actions or

proceedings as the Trustee, being advised by counsel, shall deem expedient and consistent with the limitations specified in the Indenture, including but not limited to:

- (a) Suit upon all or any part of the General Obligation Bonds;
- (b) Civil action to enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of General Obligation Bonds; and
- (c) Enforcement of any other right of the Owners of General Obligation Bonds conferred by law or by the Indenture.

Regardless of the happening of a General Obligation Bond Default, the Trustee, if requested in writing by the Owners of not less than 25% in Aggregate Principal Amount of the General Obligation Bonds then Outstanding, shall, upon being indemnified to its satisfaction therefor, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient (i) to prevent any impairment of the security under the Indenture by any acts which may be unlawful or in violation of the Indenture; or (ii) to preserve or protect the interests of the Owners of the General Obligation Bonds, provided that such request is in accordance with law and the provisions of the Indenture and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of the Owners of General Obligation Bonds not making such request.

The rights and remedies of Owners of General Obligation Bonds upon the occurrence of a General Obligation Bond Default shall be limited to the enforcement of the Authority's general obligation covenant with respect to the Related Bonds and to the disbursement of amounts available to Owners of General Obligation Bonds from time to time in the Related Debt Service Fund, the Related Special Redemption Account and the Related Debt Service Reserve Fund after provision is made for, and after taking into account the rights of, Owners of Bonds other than General Obligation Bonds as provided in the Indenture. The exercise of remedies upon the occurrence of a General Obligation Bond Default shall not in any manner affect, disturb or prejudice the security and rights of Owners of Bonds under the Indenture.

The Trustee may waive any General Obligation Bond Default which in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of the Indenture, or before the completion of the enforcement of any other remedy under the Indenture.

No Owner of any General Obligation Bond shall have any right to institute any suit, action or proceeding in equity or at law for any remedy under the Indenture unless:

- (i) a General Obligation Bond Default has occurred as to which the Trustee has actual notice, or as to which the Trustee has been notified in writing; and
- (ii) the Owners of at least 25% in Aggregate Principal Amount of General Obligation Bonds Outstanding shall have made written request to the Trustee to proceed to exercise the powers granted in the Master Indenture or to institute such action, suit or proceeding in its own name; and
- (iii) such Owners of the Bonds shall have offered the Trustee indemnity as provided in the Master Indenture; and

(iv) the Trustee shall have failed or refused to exercise the powers in the Indenture granted or to institute such action, suit or proceedings in its own name for a period of 60 days after receipt by it of such request and offer of indemnity.

Successors to Trustee

Wells Fargo Bank, National Association, has been appointed as Trustee under the Master Indenture and will act as Trustee until any successor thereto becomes successor trustee, provided that such successor company must be a bank or trust company organized under the laws of any state of the United States or a national banking association, and must be authorized by law to perform all the duties imposed upon it by the Master Indenture.

Modifications of Indenture and Outstanding Bonds

There are provided procedures whereby the Authority may amend the Master Indenture or a Series Indenture by execution and delivery of a Supplemental Indenture. Amendments that may be made without consent of Bondholders must be for such purposes as providing for the issuance of a Series of Bonds, further securing the Bonds, imposing further limitations on or surrendering rights of the Authority or curing ambiguities.

Amendments of the respective rights and obligations of the Authority and the Bondholders may be made with the written consent of the Holders of at least a majority in principal amount of the Bonds Outstanding to which the amendment applies, but no such amendment shall permit a change in the terms of redemption or maturity of the principal of any Bond Outstanding (other than the terms of a Sinking Fund Installment) or of any installment of interest thereon or a reduction in the principal amount of Redemption Price therefor or the rate of interest thereon or reduce the percentages of Bonds, the consent of the Holders of which is required to effect such amendment, or the ability to declare the Aggregate Principal Amount of Bonds due and payable without the consent of the Owners of all Bonds then Outstanding or shall materially adversely affect the rights of the Owners of Class II Bonds, Class III Bonds or Class IV Bonds without the consent of the Owners of a majority in aggregate principal amount of Class II, Class III or Class IV Bonds Outstanding, respectively.

Amendments may be made in any respect with the written consent of the Owners of all the Bonds then Outstanding.

Defeasance

All outstanding Bonds will prior to the maturity or redemption date thereof be deemed to have been paid and will cease to be entitled to the pledge of the Trust Estate under the Indenture and all covenants, agreements and other obligations of the Authority to the Bondowners will cease if the following conditions are met: (i) in case any Bonds are to be redeemed on any date prior to their maturity, the Authority has given to the Bond Registrar irrevocable instructions to transmit notice of redemption therefor, (ii) there have been deposited with the Trustee either moneys in an amount which are sufficient, or Defeasance Securities the principal of and interest on which when due will provide moneys, which, together with the moneys, if any, deposited with the Trustee at the same time, will be sufficient to pay when due the principal or redemption price, if applicable, of and interest due and to become due on said Bonds on or prior to the redemption date or maturity date thereof, as the case may be, (iii) in the event said Bonds are not subject to redemption within the next succeeding 60 days, the Authority has given the Bond Registrar irrevocable instructions to transmit, as soon as practicable, a notice to the owners of such Bonds that the above deposit has been made with the Trustee and that said Bonds are deemed to have been paid and stating such maturity or redemption date upon which moneys are to be available for the

payment of the principal or redemption price, if applicable, of and interest on such Bonds, and (iv) except in the event of a full cash defeasance or a current refunding of less than ninety days to maturity or redemption date, the sufficiency of such moneys or Defeasance Securities shall have been confirmed to the Authority in an opinion signed by a certified public accountant or firm of such accountants duly licensed to practice and practicing as such under the laws of the State, selected by the Authority.

Neither Defeasance Securities nor moneys deposited with the Trustee for the purpose of defeasing the Bonds nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, of and interest on said Bonds and any bonds or other obligations issued by the Authority the proceeds of which were used to acquire such Defeasance Securities, in whole or in part; provided that no such principal of or interest on such Defeasance Securities shall be applied to the payment of the principal or redemption price of or interest on such bonds or other obligations unless (x) the Trustee shall have received a schedule showing, for each year from the date of deposit of such Defeasance Securities until the redemption date or maturity date of said Bonds, as the case may be, the amount of principal of and interest on such Defeasance Securities and moneys, if any, deposited with the Trustee at the same time that will be available to pay the principal or Redemption Price of and interest due on said Bonds in each such year, plus the amount of any excess in each such year, and (y) the amount of such principal of or interest on such Defeasance Securities to be so applied to the payment of such bonds or other obligations does not exceed in any year the amount of such excess for, or accumulated and unexpended to, such year. Any cash received from such principal or interest payments on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, to the extent practicable and, in accordance with an opinion of Bond Counsel filed with the Trustee, permitted by Section 103 of the Code, shall be reinvested in Defeasance Securities maturing in times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, of and interest due and to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be.

Any Authority Derivative Payments are deemed to have been paid and the applicable Derivative Product terminated when payment of all Authority Derivative Payments due and payable to each Reciprocal Payor under its respective Derivative Product have been made or duly provided for to the satisfaction of each Reciprocal Payor and the respective Derivative Product has been terminated.

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APPENDIX D

Class Asset Requirements

Set forth below are the Class Asset Requirements applicable to the Outstanding Bonds pursuant to the Master Indenture. These Class Asset Requirements for the Outstanding Bonds are calculated based on applicable **Parity Ratios** which have the values set forth in the Series Indentures related to the most recently issued Series of Bonds, or any other value permitted or required by each Rating Agency as evidenced by Confirmations delivered by each Rating Agency after the date of issuance of such Series of Bonds.

Under the Master Indenture:

(I) the **Class I Asset Requirement** means the requirement that, as of any date of calculation, the Accrued Assets shall be at least equal to the product of (x) the Aggregate Principal Amount of Class I Bonds then Outstanding multiplied by (y) the Class I Parity Ratio.

(II) the **Class II Asset Requirement** means the requirement that, as of any date of calculation, the Accrued Assets shall be at least equal to the product of (x) the Aggregate Principal Amount of Class I Bonds and Class II Bonds then Outstanding multiplied by (y) the Class II Parity Ratio.

(III) the **Class III Asset Requirement** means the requirement that, as of any date of calculation, the Accrued Assets shall be at least equal to the product of (x) the Aggregate Principal Amount of Class I Bonds, Class II Bonds and Class III Bonds then Outstanding multiplied by (y) the Class III Parity Ratio.

The Master Indenture defines **Accrued Assets** to mean the sum of (i) amounts held in the Acquisition Account, the Loan Recycling Account, the Debt Service Fund, the Redemption Fund, the Debt Service Reserve Fund and the Revenue Fund, and (ii) the aggregate unpaid principal balances of all Loans and Authority Projects.

The 2012 Series B Indenture provides that the **Class I Parity Ratio** shall be no less than 130%. As of September 1, 2012, the Accrued Assets were equal to 164.15% of the Aggregate Principal Amount of Class I Bonds, 111.27% of the Aggregate Principal Amount of Class I Bonds and Class II Bonds, and 111.17% of the Aggregate Principal Amount of Class I Bonds, Class II Bonds and Class III Bonds. These ratios did not take into account the 2012 Series B Bonds.

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APPENDIX E

Form of Bond Counsel Opinion

October __, 2012

Colorado Housing and Finance Authority
1981 Blake Street
Denver, Colorado 80202

Colorado Housing and Finance Authority
Multi-Family/Project Class I Bonds, 2012 Series B

Ladies and Gentlemen:

We have acted as bond counsel to the Colorado Housing and Finance Authority (the "Authority"), in connection with the issuance of its Multi-Family/Project Class I Bonds, 2012 Series B (the "2012 Series B Bonds") in the aggregate principal amount of \$17,450,000. In such capacity, we have examined the Authority's certified proceedings and such other documents and such law of the State of Colorado and of the United States of America as we have deemed necessary to render this opinion letter. The 2012 Series B Bonds are authorized and issued pursuant to the Master Indenture of Trust, dated as of March 1, 2000, as amended, and as supplemented by the 2012 Series B Indenture dated as of October 1, 2012 (together, the "Indenture") between the Authority and Wells Fargo Bank, National Association (formerly, Norwest Bank Colorado, National Association), as trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Indenture.

Regarding questions of fact material to our opinions, we have relied upon the Authority's certified proceedings and other representations and certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

Based upon such examination, it is our opinion as bond counsel that:

1. The 2012 Series B Bonds constitute valid and binding special, limited obligations of the Authority, payable solely from the Revenues and other assets pledged thereto under the Indenture.
2. The Indenture has been duly authorized by the Authority, duly executed and delivered by authorized officials of the Authority, and, assuming due authorization, execution and delivery by the Trustee, constitutes a valid and binding obligation of the Authority enforceable in accordance with its terms.
3. Interest on the 2012 Series B Bonds (except for interest on any 2012 Series B Bond for any period during which it is held by a "substantial user" of facilities financed with 2012 Series B Bonds or a "related person" as such terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended to the date hereof (the "Tax Code")) is excluded from gross income under federal income tax

laws pursuant to Section 103 of the Tax Code; further, interest on the 2012 Series B Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code. The opinions expressed in this paragraph assume continuous compliance with the covenants and representations contained in the Authority's certified proceedings and in certain other documents and certifications furnished to us.

4. The 2012 Series B Bonds, their transfer and the income therefrom shall at all times be free from taxation by the State of Colorado under Colorado laws in effect as of the date hereof.

The opinions expressed in this opinion letter above are subject to the following:

The obligations of the Authority pursuant to the 2012 Series B Bonds and the Indenture are subject to the application of equitable principles, to the reasonable exercise in the future by the State of Colorado and its governmental bodies of the police power inherent in the sovereignty of the State of Colorado and to the exercise by the United States of America of the powers delegated to it by the Federal Constitution, including, without limitation, bankruptcy powers.

In this opinion letter issued in our capacity as bond counsel, we are opining only upon those matters set forth herein, and we are not opining upon the accuracy, adequacy or completeness of the Official Statement or any other statements made in connection with any offer or sale of the 2012 Series B Bonds or upon any federal or state tax consequences arising from the receipt or accrual of interest on or the ownership or disposition of the 2012 Series B Bonds, except those specifically addressed herein.

This opinion letter is issued as of the date hereof and we assume no obligation to revise or supplement this opinion letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

APPENDIX F

Book-Entry System

The following information in this section regarding DTC and the book entry system is based solely on information provided by DTC. No representation is made by the Authority or the Underwriter as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof. The Beneficial Owners of the 2012 Series B Bonds should confirm the following information with DTC or the DTC Participants.

The Depository Trust Company ("**DTC**"), New York, NY, will act as securities depository for the 2012 Series B Bonds. The 2012 Series B Bonds will be issued as fully-registered securities, registered in the name of Cede & Co., DTC's partnership nominee ("**Cede**") or such other name as may be requested by an authorized representative of DTC. One fully-registered 2012 Series B Bond certificate will be issued for each maturity of the 2012 Series B Bonds, in the aggregate principal amount of each such maturity of the 2012 Series B Bonds, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants (the "**Direct Participants**") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("**DTCC**"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**"). DTC has a Standard & Poor's rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org. *The Authority, the Trustee, and the Underwriter undertake no responsibility for and make no representation as to the accuracy or the completeness of the content of such material contained on DTC's website as described in the preceding sentence including, but not limited to, updates of such information or links to other Internet sites accessed through the aforementioned website.*

Purchases of 2012 Series B Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2012 Series B Bonds on DTC's records. The ownership interest of each actual purchaser of each 2012 Series B Bond ("**Beneficial Owner**") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2012 Series B Bonds are to be accomplished by entries made on the books of Direct or Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners

will not receive certificates representing their ownership interests in 2012 Series B Bonds, except in the event that use of the book-entry system for the 2012 Series B Bonds is discontinued.

To facilitate subsequent transfers, all 2012 Series B Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2012 Series B Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2012 Series B Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2012 Series B Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2012 Series B Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2012 Series B Bonds, such as redemptions, defaults, and proposed amendments to the 2012 Series B Bond documents. For example, Beneficial Owners of 2012 Series B Bonds may wish to ascertain that the nominee holding the 2012 Series B Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Registrar and request that copies of notices be provided directly to them.

While the 2012 Series B Bonds are in the book-entry system, redemption notices will be sent to DTC. If less than all of the 2012 Series B Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2012 Series B Bonds, unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2012 Series B Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 2012 Series B Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on a payment date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct and Indirect Participant and not of DTC, the Trustee, the Paying Agent or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC), is the responsibility of the Trustee or the Authority, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

THE AUTHORITY, THE TRUSTEE, AND THE PAYING AGENT SHALL HAVE NO RESPONSIBILITY OR OBLIGATION WITH RESPECT TO THE ACCURACY OF THE RECORDS OF DTC, CEDE & CO. OR ANY DTC PARTICIPANT WITH RESPECT TO ANY OWNERSHIP INTEREST IN THE 2012 SERIES B BONDS, THE DELIVERY TO ANY DTC PARTICIPANT OR

ANY INDIRECT PARTICIPANT OR ANY OTHER PERSON, OTHER THAN CEDE & CO., AS NOMINEE OF DTC, AS SHOWN ON THE BOND REGISTER, OF ANY NOTICE WITH RESPECT TO THE 2012 SERIES B BONDS, INCLUDING ANY NOTICE OF REDEMPTION, THE PAYMENT TO ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OR ANY OTHER PERSON, OTHER THAN CEDE & CO., AS NOMINEE OF DTC, AS SHOWN ON THE BOND REGISTER, OF ANY AMOUNT WITH RESPECT TO PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON, THE 2012 SERIES B BONDS OR ANY CONSENT GIVEN BY CEDE & CO., AS NOMINEE OF DTC. SO LONG AS CERTIFICATES FOR THE 2012 SERIES B BONDS ARE NOT ISSUED PURSUANT TO THE INDENTURE AND THE 2012 SERIES B BONDS ARE REGISTERED TO DTC, THE AUTHORITY, THE PAYING AGENT, AND THE TRUSTEE SHALL TREAT DTC OR ANY SUCCESSOR SECURITIES DEPOSITORY AS, AND DEEM DTC OR ANY SUCCESSOR SECURITIES DEPOSITORY TO BE, THE ABSOLUTE OWNER OF THE 2012 SERIES B BONDS FOR ALL PURPOSES WHATSOEVER, INCLUDING WITHOUT LIMITATION (1) THE PAYMENT OF PRINCIPAL AND INTEREST ON THE 2012 SERIES B BONDS, (2) GIVING NOTICE OF REDEMPTION AND OTHER MATTERS WITH RESPECT TO THE 2012 SERIES B BONDS, (3) REGISTERING TRANSFERS WITH RESPECT TO THE 2012 SERIES B BONDS AND (4) THE SELECTION OF 2012 SERIES B BONDS FOR REDEMPTION.

DTC may discontinue providing its services as depository with respect to the 2012 Series B Bonds at any time by giving reasonable notice to the Authority and the Trustee. Under such circumstances, in the event that a successor depository is not obtained, 2012 Series B Bond certificates are required to be printed and delivered. The Authority may decide to discontinue use of the system of book-entry transfer through DTC (or a successor securities depository). In that event, 2012 Series B Bond certificates will be printed and delivered to DTC.

According to DTC, the foregoing information with respect to DTC and DTC's book-entry system has been provided to the Industry for informational purposes only and is not intended to serve as a representation, warranty or contract modification of any kind.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but neither the Authority nor the Underwriter take any responsibility for the accuracy thereof.

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APPENDIX G-1

Certain Information Regarding the 2012B Loan and the Project

2012B Loan

Generally

Residences at University Hills LLC (the "**2012B Borrower**") is entering into the Loan Agreement with the Authority pursuant to which the Authority will fund the 2012B Loan to the 2012B Borrower. Proceeds of the 2012B Loan, together with other moneys available to the 2012B Borrower as described in "Plan of Finance for the Project" under this caption, are to be used to finance the acquisition, construction and equipping of the 2012B Facility (referred to herein as the "**Project**").

Terms of the 2012B Loan

During the Construction Phase, the 2012B Loan will bear interest as provided in the Loan Agreement (a) at a rate equal to the interest rate on the 2012 Series B Bonds based on the undisbursed portion of the 2012B Loan proceeds on deposit in the Restricted Loan Subaccount, the Revenue Fund and the Interest Reserve, and (b) at a rate equal to the interest rate on the 2012 Series B Bonds plus .875% to the extent of 2012B Loan proceeds which have been disbursed from the Restricted Loan Subaccount, the Revenue Fund and the Interest Reserve or otherwise expended. Amounts equal to interest on the 2012B Loan for nineteen (19) months will be deposited to the Revenue Fund and the Interest Reserve at the Closing from 2012B Loan proceeds and used to pay interest during the Construction Phase as described in "Part I – PLAN OF FINANCE – Disbursements from the Revenue Fund and Interest Reserve." Additional amounts may be required to be deposited by the 2012B Borrower to the Interest Reserve to pay interest on the 2012B Loan according to the Loan Agreement. See "Part I – CERTAIN PROGRAM ASSUMPTIONS – The 2012B Loan – The Loan Agreement." Following Conversion or earlier as requested by the 2012B Borrower and approved by the Authority, principal on the 2012B Loan will be payable based on amortization over a 40 year period. During the amortization period, interest will be payable on a monthly basis at a rate sufficient to fully repay the 2012 Series B Bonds plus pay an .875% spread, as calculated in the final rating agency cash flows delivered in connection with Conversion of the 2012B Loan. Interest on the 2012B Loan will be computed on the basis of a 360-day year of twelve 30-day months.

Security for the 2012B Loan

Construction Phase Security. During the Construction Phase, the 2012B Loan will be secured by the Deed of Trust, by amounts on deposit in the Restricted Loan Subaccount which have not been disbursed and by amounts in the Revenue Fund and Interest Reserve held under the Indenture available to pay capitalized interest, as described in "Part I – CERTAIN PROGRAM ASSUMPTIONS – The 2012B Loan – Construction Phase Security." Amounts may be disbursed from the Restricted Loan Subaccount only based on the process described in "Part I – PLAN OF FINANCE – Disbursements from the Restricted Loan Subaccount." A firm approval letter for insurance of advances of the 2012B Loan during the Construction Phase and insurance of the permanent loan upon completion of construction and Conversion will be issued by the FHA on or before the Closing. See also "Part II – CERTAIN BONDOWNERS' RISKS – Considerations Regarding Redemption – Construction Phase Redemption Considerations."

Post-Conversion Security. The 2012B Loan is expected to be finally endorsed as a permanent loan for Risk-Share Insurance by the FHA upon completion of the Construction Phase. Following

Conversion of the 2012B Loan to a loan so endorsed, the 2012B Loan will continue to be secured by the Deed of Trust and other customary real estate loan security. Commencing at Conversion, the Loan Agreement also requires the 2012B Borrower to establish a rent-up and operating deficit reserve in an amount equal to \$692,130, and a replacement reserve funded by a monthly deposit of \$2,104.17 per unit which amount shall be increased by at least 3% annually. If Conversion has not occurred by a date which is twenty-four (24) months following the Closing (or such later date to which the Authority may consent in writing), there will be an event of default under the Loan Agreement, permitting the Authority to submit a claim to the FHA for insurance based on the advances of the 2012B Loan endorsed for Risk-Share Insurance. The 2012 Series B Bonds will be subject to special redemption using such insurance proceeds as described in "Part I – TERMS OF THE 2012 SERIES B BONDS – Prior Redemption – Special Redemption." For a discussion of certain conditions to be met in order to obtain such Risk-Share Insurance for the 2012B Loan, see "Part II – CERTAIN BONDOWNERS' RISKS – Considerations Regarding Redemption – Loan Conversion Redemption Considerations."

2012B Borrower

The 2012B Borrower is a Colorado limited liability company owned by Henry Burgwyn (20%), Rick Johnston (20%) and Jasper Stone Partners (60%). The sponsor and developer of the Project is Burgwyn So-Oli Developers, LLC, comprised of Henry Burgwyn and Rick Johnston. Henry Burgwyn and Curt L. Hofer will serve as the managers of the 2012B Borrower, subject to the control of a management committee. Mr. Burgwyn has served as an investor, developer and adviser in the affordable housing industry in the Denver area for over 30 years. Rick Johnston is based in Chicago, Illinois, and has been a developer, adviser and investment banker in the affordable housing industry for the last 25 years. Jasper Stone Partners is an investment firm based in Omaha, Nebraska.

The Project

The "**Project**" consists of the acquisition, construction and equipping of a 101-unit rental housing facility providing independent living for seniors to be known as University Hills Senior Residences (the "**2012B Facility**") at 2775 South Brook Drive, in Denver, Colorado. The 2012B Borrower is acquiring the land for the Project from an affiliated limited liability company, and the City and County of Denver has issued a building permit for the Project. The 2012B Facility will consist of one building with four stories of living space and one level of underground parking. Project amenities are expected to include a large kitchen, exercise room, business center with computer stations, two outdoor patios and an outdoor seating area, a lounge and a dog run. *Given the nature of the Project, the 2012 Series B Bonds may be able to be taken into account in evaluating compliance by certain investors with the Housing and Community Development Act of 1977 (known as the Community Reinvestment Act).*

The table below identifies the number and types of units proposed for the 2012B Facility and their approximate size in square feet.

Units – Number and Size

<u>Number of Units</u>	<u>Type of Unit</u>	<u>Approximate Size In Square Feet</u>
40	One Bedroom/One Bath	854
12	Two Bedroom/Two Bath	1,065
45	Two Bedroom/2.5 Bath	1,265
4	Two Bedroom/2.5 Bath	1,522

The general contractor for the Project will be Shaw Builders, LLC, which will enter into a fixed price contract for the work to be performed and will agree to provide to the Borrower customary liquidated damages, surety bonds and indemnities in connection with its work under the contract. It is estimated that the Project will be completed in approximately 14 months. If the amounts on deposit in the Restricted Loan Subaccount have not been fully drawn to fund the Project or if the Project is not completed in a manner which satisfies the conditions necessary for Conversion by a date which is twenty-four (24) months following the Closing (or such later date to which the Authority may consent in writing), the Authority may choose to transfer the remaining amounts on deposit in the Restricted Loan Subaccount, the Revenue Fund and/or the proceeds of any insurance claim received from the FHA to the redemption account held under the Indenture, and the 2012 Series B Bonds will be subject to redemption at par as described in "Part I – TERMS OF THE 2012 SERIES B BONDS – Prior Redemption – Special Redemption."

The 2012B Borrower will agree in the CHFA Regulatory Agreement that individuals within the very low-income limits (defined as 50% or less of the area median income) shall occupy 22% of the units in the 2012B Facility and individuals within the moderate income limits (defined as 100% or less of the area median income) shall occupy 54% of the units in the Housing Facility. The remaining units in the 2012B Facility may be rented to persons, irrespective of income.

Burgwyn Residential Management Services, LLC, formed in 2012 and owned by Henry Burgwyn and Grace Burgwyn, will manage the Housing Facility. Burgwyn Residential Management Services, LLC currently manages six properties in Denver, Colorado, totaling 291 units. Three of the six properties (representing 158 units) are properties providing independent living for seniors.

The following assumptions as to the economic feasibility of the 2012B Facility have been made by the Authority in connection with its firm commitment for loan underwriting and the Risk-Share Insurance.

Assumptions as to the 2012B Facility

Estimated Annual Project Gross Income at occupancy of 100%	\$1,857,408
Estimated Annual Effective Gross Income at Estimated Occupancy of 93%	1,727,389
Estimated Total Annual Project Expenses (including Administrative, Operating, Maintenance and Taxes).....	435,755
Estimated Annual Net Income	1,291,634
Annual Mortgage Loan Payment	1,062,271

Plan of Finance for the Project

The Project is expected to be financed with proceeds of the 2012B Loan in an approximate amount of \$17,450,000, together with amounts from the various other sources described in the following table. The following table sets forth the estimated sources and uses of funds for the Project.

Estimated Sources and Uses of Funds

SOURCES OF FUNDS:

2012B Loan Proceeds	\$17,450,000
Jasper Stone Cash/Equity	3,600,000
Burgwyn/Johnson Cash/Equity	1,774,450
Burgwyn/Johnston Cash (Letter of Credit) ⁽¹⁾	609,975
Energy Conservation Rebates	55,012
Interest Income During Construction	<u>32,719</u>
 TOTAL SOURCES OF FUNDS	 <u>\$23,522,156</u>

USES OF FUNDS:

Project Fund Deposits:	
Property Acquisition and Demolition Costs	\$ 2,251,876
Professional/Municipal Fees	1,287,800
Construction Costs	15,250,000
Construction Interim Costs	369,262
Soft Costs	384,662
Syndication Costs.....	202,000
Construction Contingency (Letter of Credit)	609,975
Developer Fee	850,000
Other Fund Deposits:	
Construction Period Capitalized Interest ⁽²⁾	1,154,148
Initial Bond Fund Deposit (30 days interest on Bonds) ⁽³⁾	57,803
Rent-Up Reserve.....	361,000
Operating Deficit Reserve.....	331,130
 Bond Issuance Costs	 <u>412,500</u>
 TOTAL USES OF FUNDS.....	 <u>\$23,522,156</u>

⁽¹⁾ This irrevocable, standby letter of credit, to be made available by the 2012B Borrower at the Closing, is being issued to the Authority as beneficiary and may be used to pay for construction contingencies approved under the Loan Agreement or to fund deposits to the Interest Reserve for interest during the Construction Phase required by the Loan Agreement, as described in "PART I – CERTAIN PROGRAM ASSUMPTIONS – The 2012B Loan – The Loan Agreement."

⁽²⁾ Deposited to and disbursed from the Interest Reserve as described in "Part I – PLAN OF FINANCE."

⁽³⁾ Deposited to and disbursed from the Revenue Fund as described in "Part I – PLAN OF FINANCE."

Source: The 2012B Borrower

APPENDIX G-2

Certain Information about the Master Indenture Loan Portfolio, Authority Projects and Fund Balances

The chart included in this Appendix G-2 has been prepared by the Authority to provide, as of April 1, 2012, certain information about the Master Indenture Loan Portfolio and Authority Projects. Information is also provided about the Fund Balances existing under the Master Indenture as of April 1, 2012. In summary, as of April 1, 2012, the Trust Estate included the following:

	<u>Principal Amount*</u>	<u>No. of Loans/ Interests/Projects*</u>	<u>Total % of Portfolio</u> ^{(2)*}
Insured Rental Loans	\$221,761,343	67	31.57%
Military Housing	162,981,900	6	23.21
Uninsured Business Loans ⁽¹⁾	159,957,388	257	22.77
Uninsured Rental Loans ⁽¹⁾	131,967,446	110	18.79
Participation Interests	22,724,868	22	3.24
Authority Projects	<u>2,958,927</u>	<u>3</u>	<u>0.42</u>
Total	\$702,351,872	465	100.00%

⁽¹⁾ Not including the uninsured loans for the Fort Carson and Air Force Academy loans which are listed as a separate line item "Military Housing."

⁽²⁾ Percentage is based on principal amount.

* Does not include the Project financed with the 2012B Loan or the project financed with proceeds of the 2012 Series A Bonds issued by the Authority in July, 2012.

For purposes of this chart, the abbreviations set forth below have the following respective meanings:

221 (D) 3	Insured Rental
221 (D) 4	Insured Rental
223 (F)	Insured Rental
542 (C)	Insured Rental
BF B&I I	Participation Interests
BF B&I I BUSINESS	Uninsured Business
BF B&I II	Participation Interests
BF CHFA DIRECT	Uninsured Business
BF CHFA RURAL	Uninsured Business
BF EDF	Uninsured Business
BF NON PROFIT	Uninsured Business
BF QAL	Participation Interests
BF QIC	Participation Interests
BF SBA 504	Uninsured Business
CHFA NOTE	Authority Owned Projects
DIRECT BOND	Military Housing
HOF CHFA	Uninsured Rental
HOF FAF	Uninsured Rental
IRP	Uninsured Business
MF 501(C)3	Uninsured Rental
SMART T-E (TAX EXEMPT)	Uninsured Rental
SMART TAXABLE	Uninsured Rental
SPEC NEED	Uninsured Rental

See Part II – "COLORADO HOUSING AND FINANCE AUTHORITY – Programs to Date" for further information.

Colorado Housing and Finance Authority

Loan Portfolio Report

As of April 1, 2012

Multi-Family/Project Bonds

2000A, 2000B, 2001A, 2002A, 2002C, 2003A, 2004A, 2005A, 2005B, 2006A, 2007B, 2008A, 2008B, 2008C and 2009A

Bond Issue	Borrower	Note Amount	Maturity		PI Amount	Loan Program Type	Next Due		Current Balance
			Date	Note Date			Date	Date	
M00A	CHFA	4,084,592	02/01/17	01/01/97	206,367.86	CHFA NOTE	08/01/12	1,673,828	
M00A	CHFA	400,000	11/01/21	11/01/91	17,680.74	CHFA NOTE	05/01/12	240,287	
M00A	SENIOR HOUSING OPTIONS	621,000	12/01/21	11/20/91	3,340.20	MF 501(C)3	04/01/12	278,784	
M00A	SENIOR HOUSING OPTIONS	525,000	09/01/34	06/18/93	2,580.62	MF 501(C)3	04/01/12	365,619	
M00A	SENIOR HOUSING OPTIONS	114,842	12/01/21	11/20/91	755.14	MF 501(C)3	04/01/12	63,105	
M00A	SENIOR HOUSING OPTIONS	2,153,185	05/01/22	04/29/92	12,412.66	MF 501(C)3	04/01/12	1,123,840	
M00A	SAXONY APARTMENTS	272,735	07/01/22	07/01/92	1,764.74	MF 501(C)3	04/01/12	140,196	
M00A	JEFFERSON HILLS	3,287,357	11/01/23	10/05/93	21,398.91	MF 501(C)3	04/01/12	2,096,146	
M00A	HOUSING AUTHORITY	159,000	04/01/27	10/25/95	1,017.28	MF 501(C)3	04/01/12	117,342	
M00A	HOA CITY OF STERLING	522,000	08/01/31	08/14/96	3,036.76	MF 501(C)3	04/01/12	421,914	
M00A	FOUNTAIN RIDGE ASSOCIATES, LLC	407,070	04/01/39	04/14/98	12,300.29	221 (D) 4	04/01/12	362,883	
M00A	COLO BLUESKY ENTERPRISES	190,000	02/01/29	01/04/99	1,194.69	SMART T-E	05/01/12	83,382	
M00A	THE ENERGY OFFICE	175,000	10/01/30	09/12/00	1,135.05	SMART T-E	04/01/12	144,023	
M00A	CORPORATION	175,000	11/01/32	10/30/02	1,158.41	SMART TAXABLE	04/01/12	152,253	
M00A	OF SPRINGFIELD	250,000	07/01/32	06/27/02	1,580.17	SMART TAXABLE	05/01/12	212,897	
M00A	BELMONT SENIOR CARE	479,955	09/01/22	08/31/92	5,046.80	MF 501(C)3	04/01/12	460,004	
M00A	LAKEWOOD HOMESTEAD LTD	773,894	03/01/40	01/06/98	28,334.80	542 (C)	04/01/12	768,785	
M00A Total								8,705,287	
M00B	DOMINIUM MANAGEMENT SERVICES	11,330,000	11/01/42	10/02/02	74,232.08	542 (C)	04/01/12	10,373,177	
M00B	NIELSON GARDENS LLC	2,420,000	03/01/31	01/30/01	15,253.55	542 (C)	04/01/12	2,041,206	
M00B	FM FORT COLLINS LP	10,008,500	03/01/43	11/21/00	61,832.80	542 (C)	04/01/12	9,427,699	
M00B	COLUMBINE	4,313,000	12/01/30	11/08/00	28,984.74	542 (C)	04/01/12	3,599,732	
M00B Total								25,441,814	
M01A	HOMELESS	1,294,650	03/01/26	02/02/01	9,142.06	BF EDF	04/01/12	977,917	
M01A	VOLUNTEERS OF AMERICA	660,000	09/01/21	08/01/01	5,316.92	BF EDF	04/01/12	431,938	
M01A	CHFA	1,595,920	11/01/22	11/07/01	71,861.01	CHFA NOTE	05/01/12	1,044,812	
M01A	FOUNDATION	460,000	05/01/26	12/13/95	3,247.94	MF 501(C)3	04/01/12	336,581	
M01A	PARTNERS LLC	7,475,000	01/01/44	02/28/02	45,801.89	542 (C)	04/01/12	7,089,142	
M01A	SHERIDAN RIDGE TOWNHOMES LLC	6,750,000	01/01/44	01/18/02	40,969.67	542 (C)	04/01/12	6,394,111	
M01A	BROTHERS REDEVELOPMENT INC	924,000	09/01/31	08/29/01	6,023.79	SMART TAXABLE	04/01/12	779,285	
M01A	CLIFTON VILLAGE MHA LTD	3,624,109	06/01/31	05/21/01	27,241.12	542 (C)	04/01/12	3,517,127	
M01A Total								20,570,913	
M02A	ASPEN MEADOWS ASSOCIATED	2,614,000	05/01/43	04/24/03	15,397.05	542 (C)	04/01/12	2,452,524	
M02A	GVAH LIMITED PARTNERSHIP	2,112,800	07/01/32	06/13/02	13,773.88	542 (C)	05/01/12	1,814,883	
M02A	GVAH LIMITED PARTNERSHIP	360,000	04/13/13	06/13/02	3,960.15	SMART T-E	04/01/12	53,122	
M02A	TRUSCOTT PHASE II	5,650,000	06/01/43	05/20/03	33,078.31	542 (C)	05/01/12	5,295,711	
M02A	FOUNTAIN RIDGE SOUTH APTS LLP	4,126,000	08/01/44	04/01/03	23,716.41	221 (D) 4	04/01/12	3,906,448	
M02A	FOREST MANOR LLP	4,828,840	06/01/32	05/30/02	33,931.88	542 (C)	04/01/12	4,633,883	
M02A	HOA CITY OF STERLING	893,000	04/01/31	03/30/01	5,556.56	SMART T-E	04/01/12	736,496	
M02A	THE EMPOWERMENT PROGRAM	250,000	08/01/31	07/26/01	1,580.17	SMART T-E	05/01/12	211,841	
M02A	HOUSING INC	256,300	02/01/32	01/22/02	1,603.17	SMART T-E	05/01/12	215,725	
M02A	REDI CORPORATION	278,284	04/01/19	04/09/99	2,523.61	SMART T-E	04/01/12	268,967	
M02A Total								19,589,599	
M02C	INVESTMENT INC	772,400	05/01/22	01/24/02	6,217.68	BF SBA 504	05/01/12	482,768	
M02C	MOUNTAINVIEW APARTMENTS LLC	4,200,000	01/01/38	12/27/02	25,230.40	542 (C)	04/01/12	3,803,098	
M02C	MOFFAT COUNTY HOUSING	218,100	09/01/33	08/31/03	1,378.54	SMART T-E	05/01/12	190,558	
M02C	RACQUET CLUB APARTMENTS LTD	4,903,825	01/01/35	11/30/04	33,452.73	542 (C)	04/01/12	4,474,086	
M02C	FORE FOUNTAIN SPRINGS LP	15,587,500	02/01/44	09/19/02	88,496.41	221 (D) 4	04/01/12	14,655,665	
M02C	6440 COMPANY	581,100	12/01/32	11/26/02	3,769.00	SMART TAXABLE	05/01/12	503,201	
M02C	ASSOCIATES, LTD	504,200	12/01/32	11/22/02	3,120.86	SMART T-E	04/01/12	433,059	
M02C	ACHT ZETA	5,650,000	05/01/34	04/18/03	34,421.39	542 (C)	04/01/12	5,053,717	
M02C	ACHT ZETA	1,249,000	04/01/19	04/30/03	10,546.00	IRP	04/01/12	715,706	
M02C	HAMPSTEAD SOUTHGATE PARTNERS	2,841,000	01/01/33	12/26/02	18,050.57	542 (C)	04/01/12	2,458,945	
M02C	AURORA VILLAGE ASSOCIATES L	4,700,000	10/01/33	09/29/03	29,398.78	542 (C)	04/01/12	4,122,256	
M02C	FOUNDATION	1,310,000	06/01/39	05/13/04	7,469.49	SMART T-E	04/01/12	1,210,090	
M02C	AP HOUSING LP	2,475,000	01/01/34	12/09/03	14,838.88	542 (C)	04/01/12	2,164,391	
M02C	AM HOUSING LP	3,050,000	01/01/34	12/29/03	18,286.29	542 (C)	04/01/12	2,667,230	
M02C	CC HOUSING LP	815,000	01/01/34	12/18/03	4,886.34	542 (C)	04/01/12	712,718	
M02C	CLIFTON TOWNHOMES LP	2,200,000	12/01/33	11/21/03	13,190.11	542 (C)	04/01/12	1,920,333	
M02C	CS HOUSING LP	10,200,000	07/01/33	06/30/03	61,154.15	542 (C)	04/01/12	8,819,341	
M02C	DS HOUSING LP	1,860,000	10/01/33	09/16/03	11,151.64	542 (C)	04/01/12	1,617,472	

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Bond Issue	Borrower	Note Amount	Maturity		PI Amount	Loan Program Type	Next Due		Current Balance
			Date	Note Date			Date	Date	
M02C	HALCYON HOUSE	12,691,300	09/01/33	08/26/03	76,090.76	542 (C)	04/01/12	11,015,552	
M02C	HS HOUSING LP	2,606,000	01/01/34	12/09/03	15,624.29	542 (C)	04/01/12	2,278,951	
M02C	HA HOUSING LP	3,175,000	10/01/33	09/16/03	19,035.73	542 (C)	04/01/12	2,761,006	
M02C	KEARNEY HOUSING A MAINE LTD	1,596,100	07/01/33	07/31/03	9,569.43	542 (C)	04/01/12	1,380,053	
M02C	MT HOUSING LP	2,700,000	11/01/33	10/30/03	16,187.86	542 (C)	04/01/12	2,352,369	
M02C	SG HOUSING LP	2,070,000	10/01/33	09/23/03	12,410.70	542 (C)	04/01/12	1,803,482	
M02C	SV HOUSING LP	2,036,000	12/01/33	11/21/03	12,206.85	542 (C)	04/01/12	1,777,181	
M02C	SM HOUSING LP	1,140,000	01/01/34	12/29/03	6,834.88	542 (C)	04/01/12	996,931	
M02C	TDS HOUSING LP	3,408,000	10/01/33	09/23/03	20,432.68	542 (C)	04/01/12	2,963,626	
M02C	TS HOUSING LTD	2,040,000	09/01/33	08/31/03	12,230.83	542 (C)	04/01/12	1,770,520	
M02C	HAMPDEN SENIOR I LP	3,701,159	06/01/45	05/31/05	54,815.78	542 (C)	04/01/12	3,532,919	
M02C	LLL	2,300,000	01/01/34	12/22/03	13,789.66	542 (C)	04/01/12	2,011,334	
M02C	SABLE RIDGE PARTNERS LLC	3,942,000	04/01/44	03/31/04	22,658.77	542 (C)	04/01/12	3,720,677	
M02C	BEAR VALLEY LLLP	4,260,960	10/01/45	09/30/05	45,524.48	542 (C)	04/01/12	4,076,691	
M02C	PT HOUSING LP	3,052,859	01/01/34	12/18/03	20,384.72	542 (C)	04/01/12	2,973,306	
M02C Total								101,419,235	
M03A	COMMITTEE INC	257,000	09/01/21	08/23/96	1,731.68	BF EDF	05/01/12	147,291	
M03A	THE EMPOWERMENT PROGRAM	272,500	08/01/19	07/21/99	2,195.24	BF EDF	05/01/12	146,643	
M03A	BEYE-LOTZ	392,000	09/01/20	08/08/00	2,989.62	BF EDF	05/01/12	194,723	
M03A	JONES	100,000	10/01/21	07/26/01	835.82	BF SBA 504	04/01/12	63,790	
M03A	ASSOCIATION INC	410,500	09/01/26	08/13/01	3,033.56	BF EDF	05/01/12	319,875	
M03A	HOTCHKISS INN MOTEL	617,320	08/07/26	10/11/01	6,116.00	BF QIC	04/07/12	484,606	
M03A	GARD	99,450	02/01/22	01/04/02	786.03	BF SBA 504	04/01/12	57,465	
M03A	BOOKCLIFF AUTO PARTS INC	524,089	03/05/27	03/01/02	3,673.52	BF QIC	04/05/12	437,909	
M03A	ROARING FORK COMPUTER SOCIETY	225,225	03/01/23	02/20/03	1,744.82	BF EDF	04/01/12	160,385	
M03A	BRIELS	13,865	01/01/23	12/09/02	838.22	BF CHFA DIRECT	05/01/12	9,426	
M03A	RAYMOND D GRIFFIN	175,500	01/15/23	01/09/03	19,225.40	BF QAL	04/15/12	136,473	
M03A	BAYAUD INDUSTRIES INC	1,000,000	06/01/33	05/20/03	5,995.51	BF EDF	04/01/12	861,702	
M03A	EMRY ENTERPRISES LLC	584,551	12/05/31	07/10/03	3,662.86	BF B&I II	04/05/12	498,195	
M03A	HARRIS PARK COURT LLC	315,000	07/01/23	06/25/03	2,346.70	BF EDF	04/01/12	225,369	
M03A	DONALD W SIRCY	225,000	01/15/24	06/17/03	24,274.80	BF QAL	01/15/13	50,201	
M03A	WILZOCH HOLDINGS LLC	3,535,000	12/01/23	11/12/03	26,356.01	BF SBA 504	04/01/12	2,591,937	
M03A	WILZOCH HOLDINGS LLC	826,000	04/01/24	02/04/04	6,158.43	BF SBA 504	04/01/12	617,463	
M03A	MARTHUR	540,000	03/15/28	07/24/03	43,686.00	BF QAL	03/15/12	423,995	
M03A	DOUBLE B LLC	283,918	03/01/25	02/03/05	1,993.34	BF CHFA RURAL	04/01/12	218,653	
M03A	BACKBONE MEDIA HOLDING	459,000	08/01/25	07/15/05	3,222.56	BF CHFA DIRECT	04/01/12	321,582	
M03A	RAGAZZI LLC	475,000	06/01/25	05/18/05	3,334.90	BF CHFA RURAL	04/01/12	370,510	
M03A	STRIDE	245,000	06/01/25	05/26/05	1,741.15	BF NON PROFIT	04/01/12	190,100	
M03A	BIG BUILDINGS LLC	437,500	12/01/25	09/30/05	3,172.36	BF SBA 504	04/01/12	352,695	
M03A	BIG BUILDINGS LLC	332,500	12/01/25	09/30/05	2,411.00	BF SBA 504	04/01/12	268,047	
M03A	COLLINS LAND ACQUISITIONS LLC	538,114	01/01/27	12/13/06	3,870.75	BF SBA 504	04/01/12	454,094	
M03A	DUCKELS	439,220	05/01/26	04/12/06	3,058.67	BF SBA 504	04/01/12	373,331	
M03A	HAERTLING.COM LLC	166,504	01/01/26	12/16/05	1,207.34	BF SBA 504	04/01/12	134,745	
M03A	FORD	124,000	03/01/26	02/28/06	884.80	BF CHFA RURAL	05/01/12	100,323	
M03A	MAHRE FAMILY PROPERTIES LLC	191,700	01/01/26	12/22/05	1,367.87	BF CHFA RURAL	04/01/12	154,498	
M03A	TABER	215,000	06/01/26	05/11/06	1,534.13	BF CHFA RURAL	04/01/12	168,239	
M03A	BLUE WATER INVESTMENTS INC	114,390	05/01/26	04/27/06	816.23	BF CHFA RURAL	05/01/12	83,427	
M03A	FOUNDATION INC	202,500	04/01/26	03/30/06	1,456.62	BF NON PROFIT	04/01/12	165,417	
M03A	CASBER LARSEN LLC	142,000	05/01/26	04/18/06	1,013.24	BF CHFA RURAL	04/01/12	116,204	
M03A	JESCO LLC	483,750	06/01/26	05/04/06	3,521.78	BF CHFA RURAL	05/01/12	397,792	
M03A	MCKINLEY	150,000	07/01/26	06/13/06	1,070.32	BF CHFA RURAL	04/01/12	123,521	
M03A	KROSKOB	141,300	09/01/26	08/30/06	1,028.69	BF CHFA RURAL	05/01/12	88,873	
M03A	MCNAMEE	160,000	11/01/26	10/11/06	1,164.83	BF CHFA RURAL	04/01/12	134,428	
M03A	DIANE HARTY SCHLAEFER LLC	112,329	07/01/27	06/21/07	867.52	BF CHFA RURAL	05/01/12	96,132	
M03A	PINKHAM	163,000	12/01/27	11/09/07	1,167.78	BF CHFA RURAL	04/01/12	142,554	
M03A	WILLIAMS	250,000	04/01/28	03/28/08	1,849.00	BF CHFA DIRECT	04/01/12	222,538	
M03A	FOR REBUILDING LIVES	621,000	08/01/38	07/15/08	3,896.60	BF CHFA DIRECT	04/01/12	593,563	
M03A	KMR LLC	221,000	08/01/28	07/25/08	1,654.23	BF CHFA RURAL	04/01/12	199,356	
M03A	LLC	370,011	07/01/30	06/08/10	6,227.93	BF CHFA DIRECT	05/01/12	352,296	
M03A	CARA 3 PROPERTIES LLC	296,755	11/01/28	10/30/08	2,447.10	BF CHFA DIRECT	04/01/12	285,405	
M03A	PARKWOOD LLC	122,961	07/01/21	06/13/01	1,422.88	BF CHFA DIRECT	04/01/12	107,119	

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Bond Issue	Borrower	Note Amount	Maturity		PI Amount	Loan Program Type	Next Due		Current Balance
			Date	Note Date			Date	Date	
M03A	MCGUIRE	260,000	09/01/31	08/23/11	1,953.83	BF B&I I	05/01/12	255,662	
M03A	DUKE LLC	217,500	09/01/31	08/23/11	1,634.45	BF SBA 504	04/01/12	214,834	
M03A	HARTMANN RAC INC	190,813	11/01/26	12/01/11	2,634.79	BF CHFA RURAL	04/01/12	190,813	
M03A	HOSS KIMBLE LLC	344,048	04/01/21	01/18/01	5,851.74	BF SBA 504	04/01/12	344,048	
M03A	SIRCY	103,491	01/15/23	03/06/03	12,616.65	BF QAL	01/15/13	103,491	
M03A	SUMMIT APARTMENTS	3,248,400	04/01/28	03/31/93	18,328.08	223 (F)	04/01/12	2,481,253	
M03A	PARK HILL RESIDENCE, INC	841,166	11/01/26	10/02/96	5,557.95	542 (C)	04/01/12	618,009	
M03A	PAUL DEVLIN	183,500	06/01/21	05/31/01	1,178.01	SMART TAXABLE	04/01/12	144,433	
M03A	HOUSING LLC	1,860,000	05/01/32	04/02/02	11,879.05	SMART TAXABLE	04/01/12	1,593,205	
M03A	HINKLE	190,000	02/01/22	01/15/02	1,238.66	SMART TAXABLE	04/01/12	162,231	
M03A	ALLISON CAMPUS III LP	128,500	08/01/23	07/02/03	770.42	HOF CHFA	04/01/12	111,320	
M03A	6339 COMPANY LP	684,000	08/01/33	07/31/03	4,122.94	SMART TAXABLE	04/01/12	593,194	
M03A	HAMPDEN SENIOR I LP	850,000	06/01/45	05/31/05	3,552.48	HOF CHFA	04/01/12	783,254	
M03A	COUNTY OF GRAND, COLORADO	278,700	09/01/34	08/23/04	1,670.95	HOF CHFA	04/01/12	247,262	
M03A	HOUSING AUTHORITY LEADVILLE	164,700	11/01/34	10/25/04	987.46	HOF CHFA	04/01/12	146,567	
M03A	PARTNERSHIP VII, LTD	108,900	12/01/34	11/09/04	652.91	HOF CHFA	04/01/12	96,632	
M03A	VISTOSO COMMUNITY LLLP	600,000	04/01/25	03/18/05	3,459.56	HOF CHFA	04/01/12	545,473	
M03A	LLLP	280,200	11/01/35	10/11/05	1,679.94	HOF CHFA	04/01/12	254,487	
M03A	FLORENCE SQUARE OWNERSHIP	2,050,000	02/01/26	01/09/06	10,120.80	HOF CHFA	04/01/12	1,816,234	
M03A	LLLP	550,000	02/01/16	01/23/06	3,358.11	HOF CHFA	04/01/12	533,362	
M03A	BOULDER COUNTY HOUSING	700,000	06/01/46	06/01/06	2,119.78	HOF CHFA	04/01/12	630,366	
M03A	APARTMENTS	425,000	03/01/36	05/12/06	2,488.01	HOF CHFA	04/01/12	388,178	
M03A	PINECREST AT COMMERCE CITY LLL	585,000	02/01/27	01/30/07	2,545.96	HOF CHFA	04/01/12	521,313	
M03A	GRAND MESA APTS OF FRUITA, LLC	524,500	05/01/37	04/06/07	2,211.31	HOF FAF	05/01/12	467,357	
M03A	LLC	1,000,000	08/01/19	07/12/07	4,216.04	HOF CHFA	04/01/12	898,956	
M03A	HC BRIGHTON SENIOR I, LP	600,000	07/01/27	06/12/07	2,694.27	HOF CHFA	04/01/12	542,648	
M03A	12TH & ELATI RESIDENCES LLC	500,900	10/01/28	09/24/08	2,111.81	HOF CHFA	04/01/12	463,837	
M03A	MAPLEWOOD APARTMENTS	4,050,000	06/01/27	05/10/10	25,026.96	SMART TAXABLE	05/01/12	3,993,649	
M03A	CASA DE ROSAL	869,100	03/01/51	03/01/11	10,646.47	SMART TAXABLE	04/01/12	869,100	
M03A Total								33,654,064	
M04A	NEUGER PHD	99,000	11/01/16	10/31/96	859.15	BF EDF	04/01/12	39,593	
M04A	MOTHER & CHILD REUNION LLC	95,670	12/01/17	11/12/97	721.42	BF SBA 504	04/01/12	29,728	
M04A	DR STEVEN J ZAPIEN DDS INC	181,900	06/01/22	05/28/02	1,443.62	BF CHFA DIRECT	05/01/12	122,949	
M04A	O'TOOLE	1,190,000	02/01/22	01/25/02	9,477.71	BF CHFA DIRECT	04/01/12	439,531	
M04A	DENNIS ANDERSON	700,000	05/01/22	04/09/02	5,532.63	BF CHFA DIRECT	04/01/12	557,910	
M04A	MI CASA RESOURCE CENTER	1,207,500	12/01/22	11/27/02	9,460.56	BF EDF	04/01/12	843,091	
M04A	S A L HOLDINGS LLC	2,976,546	06/01/24	03/25/04	23,059.27	BF SBA 504	04/01/12	2,273,078	
M04A	ELEC TRI CITY ETC LLC	2,879,500	10/01/24	07/27/04	21,980.36	BF SBA 504	04/01/12	2,223,649	
M04A	LLC	396,000	03/01/24	02/26/04	2,894.48	BF CHFA DIRECT	04/01/12	292,715	
M04A	SHERMAN MD	450,000	10/01/23	09/04/03	3,141.42	BF EDF	04/01/12	318,700	
M04A	GOLDEN PEARL LLC	182,695	02/01/24	01/26/04	1,429.62	BF CHFA DIRECT	04/01/12	133,277	
M04A	JEJK INC DBA MERRY MAIDS	199,295	03/01/24	02/18/04	1,522.48	BF CHFA DIRECT	05/01/12	148,842	
M04A	JEWISH COMMUNITY CENTERS	6,200,000	12/01/23	01/29/04	45,137.05	BF NON PROFIT	04/01/12	4,555,228	
M04A	MIHAICH PROPERTIES LLC	375,000	06/01/24	03/30/04	2,842.45	BF SBA 504	04/01/12	283,805	
M04A	GAUGE RAIL ROAD	16,500,000	12/01/24	11/30/04	129,414.16	BF B&I I	04/01/12	12,966,923	
M04A	KELLEGHAN LLC	476,000	06/01/24	05/18/04	3,639.17	BF CHFA DIRECT	04/01/12	356,797	
M04A	LOWTHER SITES HOLDINGS LLC	902,140	03/01/25	02/24/05	6,620.31	BF CHFA DIRECT	04/01/12	701,559	
M04A	ELLIOTT	313,580	02/01/26	07/30/04	22,789.05	BF QAL	03/01/12	225,725	
M04A	NONNAG LLC	147,050	12/01/24	11/02/04	1,088.59	BF CHFA DIRECT	05/01/12	113,112	
M04A	TKS HOLDINGS OF STEAMBOAT LLC	394,000	12/01/24	11/03/04	2,872.97	BF CHFA DIRECT	04/01/12	302,970	
M04A	GREENWOOD ENTERPRISES LLC	500,000	07/01/25	06/29/05	3,654.64	BF CHFA DIRECT	05/01/12	390,464	
M04A	1233 SOUTH COLO BLVD LLC	2,167,500	10/01/25	09/14/05	16,545.38	BF CHFA DIRECT	04/01/12	1,757,421	
M04A	ALBION LLC	315,000	11/01/25	10/05/05	2,284.10	BF CHFA DIRECT	05/01/12	251,970	
M04A	BROWNLAND LLC	150,000	12/01/26	11/03/06	1,201.98	BF SBA 504	04/01/12	129,025	
M04A	BRIELS	175,000	11/01/26	10/20/06	1,388.46	BF CHFA RURAL	05/01/12	149,273	
M04A	LEWIS & CO PROPERTIES LLC	250,000	06/01/27	05/15/07	2,015.51	BF CHFA RURAL	04/01/12	205,867	
M04A	ELIZABETH C BLOODWORTH	160,000	06/01/27	05/22/07	1,259.76	BF CHFA RURAL	04/01/12	139,700	
M04A	CURTICE CENTER LLC	195,000	05/01/27	04/05/07	1,504.00	BF SBA 504	05/01/12	169,391	
M04A	KOSTA, SUSAN R.	219,150	05/01/27	04/27/07	1,679.39	BF CHFA RURAL	04/01/12	189,793	
M04A	CODY WILDER LLC	224,000	07/01/27	06/01/07	1,689.92	BF CHFA RURAL	04/01/12	195,852	
M04A	JK WALL DESIGNERS LTD	110,000	05/01/27	04/23/07	859.44	BF CHFA RURAL	04/01/12	91,839	

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Bond Issue	Borrower	Note Amount	Maturity		PI Amount	Loan Program Type	Next Due	Current Balance
			Date	Note Date			Date	
M04A	AGENCY LLC	191,250	12/01/27	11/29/07	1,506.00	BF CHFA DIRECT	04/01/12	169,710
M04A	D & F LLC	240,750	02/01/28	01/28/08	1,896.00	BF CHFA RURAL	04/01/12	215,118
M04A	CHILDREN'S ARK INC	2,830,338	10/01/29	09/28/04	22,724.20	BF B&I I	04/01/12	2,802,894
M04A	M&L INVESTMENTS, LLC	90,900	03/01/31	02/16/11	677.73	BF SBA 504	04/01/12	88,608
M04A	HARTMANN RAC INC	216,259	01/01/28	12/01/11	3,182.93	BF CHFA RURAL	04/01/12	216,259
M04A	PAGOSA SPRINGS INN & SUITES	1,024,731	05/20/28	05/20/03	7,798.22	BF B&I II	04/20/12	1,023,233
M04A	HOMELESS	248,016	05/01/23	04/21/93	1,907.03	MF 501(C)3	04/01/12	164,504
M04A	PRAIRIE CREEKS RESIDENCES LLC	935,000	01/01/35	12/10/04	5,909.84	SMART T-E	04/01/12	846,715
M04A	GUNNISON HOUSING AUTHORITY	528,100	11/01/33	10/29/03	3,081.85	SMART T-E	05/01/12	456,231
M04A	GROUP LLLP	1,170,000	11/01/34	10/12/04	7,165.89	542 (C)	04/01/12	1,045,345
M04A	FOUNT MESA	452,800	12/01/33	11/24/03	2,642.42	SMART T-E	05/01/12	392,332
M04A	HAMPDEN SENIOR I LP	5,776,841	06/01/45	05/31/05	54,815.78	542 (C)	04/01/12	5,514,249
M04A	SLEEPING UTE APTS LLLP	651,600	03/01/34	02/25/04	4,054.49	SMART TAXABLE	04/01/12	575,675
M04A	TRINIDAD HOUSING AUTHORITY	676,700	03/01/34	02/18/04	3,949.04	SMART T-E	04/01/12	590,805
M04A	II	1,264,000	10/01/24	09/30/04	7,906.39	SMART TAXABLE	05/01/12	1,129,870
M04A	LLL	2,173,000	10/01/24	09/30/04	13,592.24	SMART TAXABLE	05/01/12	1,942,410
M04A	TRINITY HOUSING CORP	1,229,900	05/01/34	04/08/04	7,413.45	SMART T-E	04/01/12	1,084,529
M04A	ARVADA HOUSE PRESERVATION LP	4,000,000	11/01/44	10/29/04	23,418.27	542 (C)	04/01/12	3,803,187
M04A	LP	1,100,000	04/01/21	03/08/05	7,010.72	SMART TAXABLE	04/01/12	994,718
M04A	BLOCK 4B	3,750,000	12/01/50	11/08/10	22,222.33	SMART TAXABLE	04/01/12	3,725,095
M04A Total								57,381,262
M05A	RENAISSANCE PRESCHOOL INC	1,400,000	08/01/35	07/13/05	8,711.30	BF NON PROFIT	04/01/12	1,271,972
M05A	YAMPA VALLEY WOMEN'S CENTER	556,204	02/01/25	01/20/05	4,305.57	BF CHFA DIRECT	05/01/12	437,046
M05A	TIF LLC	250,000	05/01/25	04/27/05	1,927.76	BF CHFA DIRECT	04/01/12	199,420
M05A	AMBUUL	1,112,000	06/01/26	05/03/06	8,548.05	BF CHFA DIRECT	05/01/12	926,261
M05A	THE WILDLIFE EXPERIENCE INC	19,075,000	05/01/25	04/13/05	136,659.22	BF NON PROFIT	04/01/12	14,902,975
M05A	R DIAMOND LLC	1,000,000	05/01/26	04/25/06	7,723.01	BF CHFA DIRECT	04/01/12	833,874
M05A	COMPANY LLC	419,000	03/01/26	02/23/06	3,099.33	BF CHFA DIRECT	05/01/12	342,077
M05A	CIRALDO-FREESE	354,843	08/01/26	07/12/06	2,471.08	BF SBA 504	04/01/12	291,969
M05A	ST CHARLES TOWN CO LLC	441,000	01/01/26	12/02/05	3,159.46	BF CHFA DIRECT	04/01/12	355,075
M05A	VAN ARK ENTERPRISES LLC	1,566,000	07/01/26	06/29/06	11,823.65	BF CHFA DIRECT	04/01/12	1,308,094
M05A	TELTECH INVESTMENTS LLC	750,000	08/01/26	07/31/06	5,460.13	BF CHFA RURAL	04/01/12	623,482
M05A	VAN ARK ENTERPRISES LLC	207,000	07/01/26	06/29/06	1,562.90	BF CHFA DIRECT	04/01/12	172,909
M05A	& NICKOLAS J. KATZER	380,000	05/01/27	04/23/07	2,968.99	BF CHFA DIRECT	04/01/12	328,137
M05A	SMITH AGENCY	679,500	01/01/30	12/09/09	5,453.25	BF NON PROFIT	04/01/12	644,779
M05A	HILDEBRAND ENTERPRISES LLC	335,000	01/01/30	12/11/09	2,497.67	BF CHFA DIRECT	04/01/12	315,983
M05A	CURRENT SOLUTIONS LLC	207,000	01/01/30	12/17/09	1,604.87	BF CHFA RURAL	04/01/12	195,879
M05A	FISHDECOY LLC	191,250	04/01/30	03/24/10	1,482.76	BF CHFA RURAL	05/01/12	181,379
M05A	CRAIG	150,020	06/01/30	05/27/10	4,653.05	BF CHFA DIRECT	05/01/12	142,462
M05A	THE TELLURIDE FOUNDATION	300,000	08/01/30	07/27/10	2,281.09	BF NON PROFIT	04/01/12	261,241
M05A	PRINCE CREEK INVESTMENTS	379,906	08/01/25	05/26/05	3,264.72	BF SBA 504	04/01/12	359,253
M05A	HUB 2D LLC	1,543,377	05/01/25	04/14/05	8,750.58	BF CHFA DIRECT	04/01/12	1,569,957
M05A	MOSHER	185,749	12/31/21	01/31/07	25,416.98	BF QAL	12/31/12	185,749
M05A	EDWARD M EHMANN	128,365	12/31/26	05/25/07	13,368.34	BF QAL	12/31/12	128,365
M05A	BCORP RIO GRANDE LLC	4,475,000	11/01/26	10/01/96	27,470.99	542 (C)	04/01/12	3,210,295
M05A	LLC	6,629,200	11/01/36	10/30/96	37,230.22	542 (C)	04/01/12	5,736,277
M05A	COMMERCE CITY SENIOR HOUSING	2,900,000	01/01/25	12/17/04	18,044.84	SMART TAXABLE	04/01/12	2,607,021
M05A	COFFMAN COURT ASSOCIATES	800,000	02/01/35	01/19/05	5,162.22	SMART TAXABLE	04/01/12	756,687
M05A	MERCY HOUSING COLORADO VIII	700,000	04/01/25	03/23/05	4,633.64	SMART TAXABLE	04/01/12	638,016
M05A	51 VILLAGE AT PUEBLO LP	1,200,000	06/01/25	05/17/05	7,983.63	SMART TAXABLE	04/01/12	1,098,523
M05A	HILLSIDE POINTE LLLP	2,000,000	04/01/21	03/25/05	12,879.04	SMART TAXABLE	04/01/12	1,816,461
M05A	BEAR VALLEY LLLP	3,659,040	10/01/45	09/30/05	45,524.48	542 (C)	04/01/12	3,500,802
M05A	KITTYHAWK LLC	2,896,000	08/01/26	11/01/05	17,473.21	SMART TAXABLE	04/01/12	2,801,028
M05A	LLL	1,400,000	02/01/23	01/23/06	8,547.93	SMART TAXABLE	04/01/12	1,349,799
M05A	BROOMFIELD GREENS ASSOC	1,700,000	12/01/23	11/30/05	10,445.09	SMART TAXABLE	04/01/12	1,551,983
M05A	FLORENCE SQUARE OWNERSHIP	2,850,000	02/01/26	01/09/06	18,961.12	SMART TAXABLE	04/01/12	2,638,158
M05A	PUEBLO VILLAGE APARTMENTS LLC	1,600,000	04/01/23	03/31/06	9,083.83	SMART TAXABLE	04/01/12	1,535,727
M05A Total								55,219,113
M05B	BBG HOLDING CORP	750,000	03/01/26	02/21/06	5,451.41	BF CHFA DIRECT	04/01/12	612,003
M05B	DE LA CRUZ ASSOCIATES LLC	2,449,000	10/01/25	09/28/05	17,800.66	BF CHFA DIRECT	04/01/12	1,960,216
M05B	COMPANY LLC	1,000,000	03/01/26	02/23/06	7,396.98	BF CHFA DIRECT	05/01/12	816,411

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Multi-Family/Project Bonds

2000A, 2000B, 2001A, 2002A, 2002C, 2003A, 2004A, 2005A, 2005B, 2006A, 2007B, 2008A, 2008B, 2008C and 2009A

Bond Issue	Borrower	Note Amount	Maturity		PI Amount	Loan Program Type	Next Due		Current Balance
			Date	Note Date			Date	Date	
M05B	NEXT CHAPTER LLC	1,040,000	11/01/25	10/27/05	8,000.80	BF CHFA DIRECT	04/01/12	848,070	
M05B	COMMERCE INVESTMENTS LLC	750,000	11/01/25	10/14/05	5,516.99	BF CHFA DIRECT	04/01/12	551,010	
M05B	SIMBA PROPERTIES LLC	750,000	12/01/25	11/15/05	5,547.73	BF CHFA DIRECT	04/01/12	607,733	
M05B	J D EAGLE LLP	727,912	10/01/26	09/28/06	5,448.56	BF CHFA DIRECT	04/01/12	612,784	
M05B	CASS MANSION LLC	1,105,000	11/01/25	10/31/05	8,336.45	BF CHFA DIRECT	04/01/12	896,567	
M05B	COVENANTS LLC	1,500,000	04/01/26	03/31/06	11,405.46	BF CHFA DIRECT	04/01/12	1,267,662	
M05B	MAMBO LLC	1,147,500	03/01/26	02/16/06	8,951.74	BF CHFA DIRECT	04/01/12	968,922	
M05B	WALTON ENTERPRISES LLC	540,000	01/01/27	12/11/06	4,202.84	BF CHFA RURAL	04/01/12	463,169	
M05B	VOLK VENTURES LLC	1,353,503	01/01/37	12/28/06	9,218.96	BF B&I	04/01/12	1,320,052	
M05B	LP	3,700,000	10/01/40	10/06/05	21,346.08	542 (C)	04/01/12	3,465,295	
M05B	LP	599,800	10/01/40	10/06/05	3,706.46	HOF CHFA	04/01/12	566,064	
M05B	UPTOWN BROADWAY LLLP	1,110,000	09/01/25	08/25/05	7,089.11	SMART TAXABLE	04/01/12	1,014,391	
M05B	LINDEN POINTE LLLP	1,673,077	02/01/22	01/23/06	10,095.57	SMART TAXABLE	05/01/12	1,525,791	
M05B	PARKSIDE INVESTMENT GROUP LLL	2,450,000	05/01/36	04/28/06	15,085.07	SMART TAXABLE	04/01/12	2,254,260	
M05B	INVESTMENT GROUP, LLLP	2,570,000	05/01/36	04/28/06	15,823.93	SMART TAXABLE	04/01/12	2,364,672	
M05B	RLLLP	1,029,500	06/01/37	02/11/08	5,780.96	SMART TAXABLE	04/01/12	969,552	
M05B Total								23,084,623	
M06A	WOW! CHILDREN'S MUSEUM	400,000	08/01/24	07/28/04	2,979.94	BF NON PROFIT	04/01/12	304,321	
M06A	POWER ASSIST COMPANY INC	1,242,223	08/01/26	07/12/06	10,007.26	BF SBA 504	04/01/12	1,089,178	
M06A	EJ LANDHOLDINGS LLC	386,500	10/01/24	09/20/04	2,769.01	BF CHFA RURAL	05/01/12	285,013	
M06A	TO-MI LLC	397,000	12/01/25	11/30/05	2,878.69	BF CHFA DIRECT	04/01/12	271,128	
M06A	PREFERRED LENDING	250,000	07/01/25	06/30/05	1,863.93	BF NON PROFIT	04/01/12	199,125	
M06A	COALITION FOR THE UPPER SOUTH	120,000	03/01/25	02/24/05	894.69	BF NON PROFIT	05/01/12	90,453	
M06A	DEKKER PROPERTY MGMT	170,000	05/01/25	04/01/05	1,292.62	BF CHFA DIRECT	04/01/12	135,611	
M06A	INTEGRITY PROPERTIES LLC	308,000	07/01/25	06/30/05	2,206.61	BF CHFA DIRECT	04/01/12	198,587	
M06A	PRICE	458,000	07/01/25	06/09/05	3,321.01	BF CHFA DIRECT	05/01/12	360,440	
M06A	MASON ENTERPRISES LLC	324,285	12/01/26	11/15/06	2,417.78	BF SBA 504	04/01/12	274,773	
M06A	FUND, LLC.	406,373	07/01/26	06/14/06	2,946.66	BF SBA 504	04/01/12	318,158	
M06A	RAIL YARD INDUSTRIES LLC	637,500	06/01/26	05/17/06	1,770.96	BF SBA 504	04/01/12	157,586	
M06A	KANG	312,000	10/01/25	09/29/05	2,235.26	BF CHFA DIRECT	05/01/12	247,777	
M06A	PAR 4 PROPERTIES LLC	490,000	11/01/26	10/11/06	3,638.90	BF SBA 504	04/01/12	413,463	
M06A	WEST/HULTSCH LLC	500,000	03/01/26	02/16/06	3,625.56	BF CHFA DIRECT	04/01/12	407,711	
M06A	BASELINE OFFICES LLC	495,000	02/01/26	01/19/06	3,589.30	BF CHFA DIRECT	04/01/12	402,113	
M06A	THE SCOTT GROUP LLC	4,335,000	06/01/27	05/15/07	33,271.77	BF CHFA DIRECT	04/01/12	3,853,777	
M06A	CAV'S LLC	685,000	01/01/26	12/21/05	4,887.81	BF CHFA RURAL	04/01/12	552,066	
M06A	WAMBOLT PROPERTIES LLC	690,000	06/01/26	05/31/06	5,124.16	BF CHFA DIRECT	04/01/12	572,142	
M06A	THE LU LLC	750,000	03/01/26	02/16/06	5,351.62	BF CHFA RURAL	04/01/12	609,126	
M06A	PTRT PARTNERSHIP	385,000	04/01/26	03/16/06	2,747.17	BF CHFA RURAL	04/01/12	313,875	
M06A	PM REAL ESTATE LLC	697,000	07/01/26	06/12/06	4,973.44	BF CHFA RURAL	05/01/12	572,517	
M06A	T.O. LLC	265,500	03/01/26	02/03/06	1,894.47	BF CHFA RURAL	05/01/12	214,805	
M06A	VIGIL HOLDINGS LLC	248,500	03/01/26	02/27/06	1,845.44	BF CHFA DIRECT	04/01/12	203,829	
M06A	LUTHER PROPERTY LLC	694,529	08/01/26	07/31/06	4,955.81	BF CHFA RURAL	04/01/12	574,626	
M06A	SPIEKER INVESTMENTS INC	741,000	12/01/26	11/21/06	5,502.91	BF CHFA DIRECT	04/01/12	627,388	
M06A	STAHLECKER	238,500	07/01/26	06/22/06	1,701.82	BF CHFA RURAL	04/01/12	196,538	
M06A	POST OFFICE CROSSING LLC	363,600	06/01/26	05/04/06	2,594.47	BF CHFA RURAL	04/01/12	298,661	
M06A	CHARLES R PRESBY INC	722,500	06/01/26	05/04/06	5,155.40	BF CHFA RURAL	04/01/12	605,282	
M06A	ALPINE VIEW LLC	595,000	06/01/26	05/04/06	4,245.62	BF CHFA RURAL	04/01/12	488,458	
M06A	WATERVAL 200 LLC	1,700,000	07/01/26	06/14/06	13,037.60	BF CHFA DIRECT	04/01/12	1,452,102	
M06A	HANSEN	434,000	10/01/26	09/08/06	3,159.59	BF CHFA RURAL	04/01/12	363,360	
M06A	WIGGINS II LLC	750,000	06/01/26	05/18/06	5,351.62	BF CHFA RURAL	05/01/12	613,754	
M06A	BIG ENERGY HOLDINGS LLC	498,000	07/01/26	06/21/06	3,625.52	BF CHFA RURAL	04/01/12	412,506	
M06A	I3MG LLC	657,000	01/01/27	12/19/06	4,821.36	BF CHFA RURAL	04/01/12	615,730	
M06A	INDWELL LLC	701,000	11/01/26	10/11/06	5,536.29	BF SBA 504	04/01/12	606,923	
M06A	LLC	360,209	12/01/26	11/08/06	2,823.05	BF SBA 504	04/01/12	303,623	
M06A	THE LEARNING FOUNDATION	315,000	08/01/26	07/31/06	2,503.06	BF NON PROFIT	04/01/12	267,046	
M06A	VCC ENTERPRISES LLC & BOISEN LLC	425,000	01/01/27	12/01/06	3,094.07	BF CHFA RURAL	05/01/12	358,317	
M06A	EMJB 3RD ST. LLC	721,250	08/01/26	07/31/06	5,636.35	BF CHFA RURAL	04/01/12	621,319	
M06A	ROCHESTER PARTNERS LLC	431,660	09/01/26	08/16/06	3,445.82	BF CHFA RURAL	04/01/12	367,498	
M06A	CODY WILDER LLC	235,000	01/01/27	12/14/06	1,847.43	BF CHFA RURAL	04/01/12	203,255	
M06A	KTB HOLDINGS LLC	256,000	09/01/26	08/28/06	2,051.38	BF CHFA DIRECT	04/01/12	218,126	
M06A	WACKER HOLDINGS LLC	176,800	09/01/26	08/03/06	1,411.34	BF CHFA DIRECT	04/01/12	143,430	

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2000A, 2000B, 2001A, 2002A, 2002C, 2003A, 2004A, 2005A, 2005B, 2006A, 2007B, 2008A, 2008B, 2008C and 2009A

Bond Issue	Borrower	Note Amount	Maturity		PI Amount	Loan Program Type	Next Due		Current Balance
			Date	Note Date			Date	Date	
M06A	MARSH	262,000	10/01/26	09/20/06	2,094.66	BF CHFA RURAL	04/01/12	223,844	
M06A	CAMELOT WEST LLC	530,059	09/01/26	08/30/06	4,237.77	BF CHFA RURAL	05/01/12	448,712	
M06A	BLACK DOG ENTERPRISE LLC	360,000	10/01/27	09/06/07	2,884.75	BF CHFA RURAL	04/01/12	319,013	
M06A	SIXTH & INCA LLC	225,250	11/01/26	10/12/06	1,800.85	BF CHFA DIRECT	04/01/12	193,056	
M06A	VVOMS EVC CONDO LLC	495,000	09/01/26	08/31/06	3,603.68	BF CHFA RURAL	05/01/12	411,499	
M06A	RES IPSA LLC	391,000	12/01/26	11/14/06	3,164.23	BF CHFA RURAL	04/01/12	337,000	
M06A	ELMS BLESSING LLC	571,200	11/01/26	10/26/06	4,566.68	BF SBA 504	04/01/12	489,561	
M06A	ARCHITAXI LLC	1,400,000	08/01/27	07/20/07	11,278.30	BF SBA 504	04/01/12	1,236,729	
M06A	TRIPLE J INVESTMENTS LLC	397,500	07/01/27	04/24/07	3,153.80	BF SBA 504	05/01/12	352,998	
M06A	XIANG	263,000	11/01/26	10/31/06	2,070.73	BF CHFA RURAL	05/01/12	221,196	
M06A	WILLIAM J RANGITSCH	511,000	07/01/27	06/13/07	4,054.32	BF CHFA RURAL	04/01/12	389,858	
M06A	UNION & CEDAR LLC	585,345	11/01/27	10/22/07	4,433.00	BF SBA 504	04/01/12	513,894	
M06A	MANUFACTURING INC	710,000	11/01/27	10/30/07	5,419.71	BF CHFA DIRECT	04/01/12	624,144	
M06A	OBP LLC	587,916	12/01/27	11/28/07	4,708.00	BF CHFA RURAL	04/01/12	517,941	
M06A	WEST END GROUP LLC	215,611	07/01/28	06/27/08	1,743.55	BF SBA 504	04/01/12	196,063	
M06A	THE MAKEN DO LLC	201,000	03/01/30	01/28/10	1,558.35	BF SBA 504	04/01/12	190,705	
M06A	EDUCATION	205,000	03/01/30	02/18/10	1,528.42	BF NON PROFIT	05/01/12	193,842	
M06A	AUTISM	265,000	06/01/30	05/27/10	1,822.90	BF NON PROFIT	04/01/12	251,622	
M06A	QUAIN	215,972	07/01/24	06/23/06	1,964.31	BF CHFA RURAL	04/01/12	204,685	
M06A	VOA SUNSET HOUSING LP	5,376,100	07/01/36	06/07/06	35,586.98	SMART TAXABLE	04/01/12	5,006,516	
M06A	RESERVE AT THORNTON II	3,500,000	08/01/38	07/19/06	22,390.15	SMART TAXABLE	04/01/12	3,283,817	
M06A	CASA DORADA LLC	2,000,000	09/01/24	08/25/06	13,306.05	SMART TAXABLE	04/01/12	1,868,483	
M06A	PINECREST AT COMMERCE CITY LLL	3,315,000	02/01/27	01/30/07	22,054.78	SMART TAXABLE	04/01/12	3,116,610	
M06A	CORONA RESIDENCE	2,365,000	05/01/39	04/02/09	31,276.74	MF 501(C)3	04/01/12	2,365,000	
M06A	A.T. LEWIS BUILDING LLC	564,925	12/01/27	11/19/97	34,933.99	542 (C)	04/01/12	516,549	
M06A	WESTWOOD APARTMENTS	287,962	10/01/38	09/15/98	14,458.88	542 (C)	04/01/12	277,535	
M06A Total								45,136,935	
M07B	DESERT SPRING REAL ESTATE	243,900	05/01/24	04/01/04	1,643.51	BF CHFA RURAL	04/01/12	176,163	
M07B	MILES EYE LLC	348,300	06/01/26	05/16/06	2,455.31	BF CHFA RURAL	05/01/12	282,091	
M07B	LONG	266,203	12/04/25	12/04/00	20,312.52	BF QAL	12/04/12	216,745	
M07B	ZETOR LLC	1,143,644	10/01/27	09/27/07	9,185.17	BF SBA 504	04/01/12	1,013,827	
M07B	AMEN	229,048	06/08/36	06/08/06	17,831.79	BF QAL	06/08/12	204,545	
M07B	E 49TH AVE LLC	838,000	07/01/27	05/07/07	6,895.07	BF SBA 504	04/01/12	739,668	
M07B	KINDER-ASKEW PROPERTIES LLC	440,000	12/01/26	11/01/06	3,464.34	BF CHFA RURAL	04/01/12	377,114	
M07B	SMILEY AVIATION LLC	285,180	10/01/27	09/27/07	2,271.31	BF CHFA RURAL	05/01/12	251,726	
M07B	JACB LLC	621,000	01/01/27	12/14/06	4,777.40	BF CHFA RURAL	04/01/12	565,388	
M07B	TUSCANA LLC	448,752	10/01/27	09/07/07	3,452.28	BF SBA 504	04/01/12	394,686	
M07B	GOAT LLC	256,500	07/01/27	05/08/07	1,965.61	BF SBA 504	04/01/12	223,523	
M07B	BOQ LLC	438,750	10/01/27	09/05/07	3,362.23	BF CHFA RURAL	05/01/12	384,681	
M07B	MALLYMOO LLC	574,000	06/01/27	05/14/07	4,398.68	BF CHFA DIRECT	04/01/12	505,997	
M07B	SPEER & LAWRENCE LLC	602,000	08/01/27	07/02/07	4,541.67	BF CHFA DIRECT	04/01/12	524,726	
M07B	JENNIFER E BRAND	450,000	05/01/27	04/25/07	3,448.44	BF CHFA RURAL	04/01/12	389,695	
M07B	HIGHWAY 82 INVESTORS LLC	595,000	06/01/27	05/01/07	3,456.60	BF CHFA RURAL	04/01/12	396,861	
M07B	DMS REAL ESTATE LLC	595,000	07/01/27	06/26/07	4,595.19	BF CHFA DIRECT	04/01/12	519,243	
M07B	RENAISSANCE PRESCHOOL INC	275,000	10/01/27	09/27/07	2,140.33	BF NON PROFIT	04/01/12	242,485	
M07B	PC HOLDINGS LLC	348,000	06/01/27	05/18/07	2,737.87	BF CHFA RURAL	05/01/12	302,885	
M07B	DOYLE LEE SMELKER	614,662	02/01/32	05/01/07	26,797.16	BF QAL	11/01/12	513,837	
M07B	HORNUNG	428,149	03/04/25	03/04/05	21,493.46	BF QAL	03/04/13	348,481	
M07B	HEIDI M FAY	360,000	07/01/27	06/20/07	2,832.28	BF CHFA RURAL	04/01/12	325,323	
M07B	PROPERTIES LLC	719,500	08/01/27	07/03/07	5,660.63	BF SBA 504	04/01/12	631,886	
M07B	THE MAKEN DO LLC	297,000	09/01/27	08/13/07	2,374.48	BF CHFA RURAL	04/01/12	262,170	
M07B	FALL LINE VENTURES LLC	369,000	10/01/27	09/05/07	3,052.11	BF CHFA RURAL	04/01/12	328,725	
M07B	CHRISTOPHER R BURNER	355,000	10/01/27	09/28/07	2,914.37	BF CHFA RURAL	04/01/12	343,868	
M07B	HAMILTON LEASING LLC	484,000	11/01/27	10/23/07	3,808.00	BF CHFA RURAL	04/01/12	428,792	
M07B	TUTTLE INVESTMENTS LLLP	346,500	11/01/27	10/31/07	2,718.00	BF CHFA RURAL	11/01/27	311,396	
M07B	LOSIA LLC	318,750	12/01/27	11/07/07	2,529.00	BF CHFA DIRECT	04/01/12	283,598	
M07B	OSTER	314,586	12/01/27	11/06/07	2,506.00	BF CHFA RURAL	04/01/12	280,038	
M07B	OBP LLC	42,084	12/01/27	11/28/07	4,708.00	BF CHFA RURAL	04/01/12	37,068	
M07B	ELMS BLESSING LLC	410,000	12/01/27	11/27/07	3,346.00	BF CHFA DIRECT	04/01/12	366,425	
M07B	SBSSTEAMBOAT LLC	409,500	01/01/28	12/07/07	3,324.00	BF CHFA RURAL	04/01/12	366,009	
M07B	VOYICH	450,000	01/01/28	12/10/07	3,584.00	BF CHFA RURAL	05/01/12	400,623	

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Multi-Family/Project Bonds

2000A, 2000B, 2001A, 2002A, 2002C, 2003A, 2004A, 2005A, 2005B, 2006A, 2007B, 2008A, 2008B, 2008C and 2009A

Bond Issue	Borrower	Note Amount	Maturity		PI Amount	Loan Program Type	Next Due		Current Balance
			Date	Note Date			Date	Date	
M07B	ADVOCACY CENTER INC	427,500	02/01/38	01/31/08	2,646.00	BF NON PROFIT	05/01/12	404,605	
M07B	CLEAN DIRT GRAINS & SEEDS LLC	629,000	03/01/28	02/26/08	4,858.00	BF CHFA RURAL	04/01/12	561,987	
M07B	FORDYCE	950,000	03/01/28	02/28/08	7,741.00	BF CHFA DIRECT	05/01/12	853,457	
M07B	CHILDREN	1,791,000	03/01/38	02/29/08	11,285.00	BF NON PROFIT	04/01/12	1,701,348	
M07B	CITY BARK 8TH AVENUE LLC	850,000	05/01/28	04/23/08	6,770.00	BF SBA 504	04/01/12	767,202	
M07B	AGD PROPERTIES LLC	1,200,000	05/01/28	04/25/08	9,484.51	BF CHFA DIRECT	04/01/12	1,081,917	
M07B	FOR REBUILDING LIVES	2,500,000	08/01/38	07/15/08	15,604.92	BF NON PROFIT	04/01/12	2,388,573	
M07B	801E8THAVE LLC	512,125	08/01/28	07/31/08	3,863.63	BF CHFA DIRECT	04/01/12	462,469	
M07B	RCR ENTERPRISES LLC	505,750	08/01/28	07/29/08	3,951.49	BF CHFA RURAL	04/01/12	458,943	
M07B	RADER	200,000	09/01/28	08/07/08	1,532.64	BF CHFA RURAL	05/01/12	181,006	
M07B	KCI WAREHOUSE LLC	324,000	11/01/28	10/08/08	2,521.70	BF CHFA RURAL	04/01/12	296,216	
M07B	PC	291,000	12/01/28	11/05/08	2,308.82	BF CHFA RURAL	05/01/12	266,693	
M07B	GARCIA	595,546	03/01/29	02/26/09	4,815.90	BF SBA 504	04/01/12	552,509	
M07B	BRAVO ENTERPRISES LLC	1,211,477	04/01/28	03/26/08	9,835.48	BF CHFA DIRECT	04/01/12	1,211,477	
M07B	FITZGIBBONS	408,561	08/01/28	07/09/08	3,289.32	BF CHFA RURAL	04/01/12	391,458	
M07B	1597 CIPOLLA, LLC	3,600,000	07/01/33	06/30/11	48,515.39	BF CHFA DIRECT	04/01/12	3,600,000	
M07B	ANDERSON	416,894	03/01/28	02/22/08	3,591.84	BF SBA 504	04/01/12	410,147	
M07B	SWANSON FAMILY ENTERPRISES LLC	427,246	10/01/27	09/20/07	6,380.06	BF SBA 504	04/01/12	427,246	
M07B	BLUE SKY LIQUORS INC	223,046	07/01/26	09/15/06	1,894.77	BF B&I II	04/01/12	220,109	
M07B	DIDONATO ENTERPRISES, LLC	240,000	02/01/27	12/15/11	2,177.40	BF CHFA RURAL	04/01/12	238,521	
M07B	WEISENHORN	68,407	12/31/25	11/03/06	7,540.60	BF QAL	12/31/12	68,407	
M07B	REHFELD	109,271	12/31/25	06/15/06	12,750.23	BF QAL	12/31/12	109,271	
M07B	PRAIRIE CREEKS RESIDENCES LLC	1,015,000	07/01/37	06/20/97	5,776.63	542 (C)	04/01/12	888,872	
M07B	VILLA TOWNHOMES LTD	830,000	12/01/37	11/21/97	4,732.72	542 (C)	04/01/12	729,658	
M07B	LLLP	2,475,000	05/01/29	04/28/99	15,494.81	542 (C)	04/01/12	1,947,779	
M07B	LA FAMILY	466,000	12/01/36	11/29/06	3,163.15	SMART TAXABLE	04/01/12	437,992	
M07B	LLC	5,000,000	08/01/19	07/12/07	28,861.79	SMART T-E	04/01/12	4,666,903	
M07B	HC BRIGHTON SENIOR I, LP	1,750,000	07/01/27	06/12/07	11,513.80	SMART TAXABLE	04/01/12	1,643,629	
M07B	PARTNERSHIP LLLP	1,230,000	01/01/38	12/14/07	8,235.46	SMART TAXABLE	04/01/12	1,106,597	
M07B	PARTNERS (BLOCK 1B) LLLP	5,000,000	03/01/28	02/07/08	30,897.48	SMART TAXABLE	04/01/12	4,835,521	
M07B	FAIRWAYS I LLLP	2,675,000	04/01/23	07/05/07	14,347.00	SMART T-E	04/01/12	2,581,974	
M07B	SIERRA VISTA	400,000	05/01/43	04/09/08	2,527.44	SMART T-E	04/01/12	388,063	
M07B	42 VILLAGE AT PUEBLO LP	1,000,000	07/01/26	06/24/08	6,353.54	SMART TAXABLE	04/01/12	971,933	
M07B	CENTRAL PARK AT STAPLETON	470,000	10/01/28	09/16/08	6,826.79	SMART TAXABLE	04/01/12	470,000	
M07B	12TH & ELATI RESIDENCES LLC	2,450,000	10/01/28	09/24/08	16,464.78	SMART TAXABLE	04/01/12	2,358,943	
M07B	MOLINE	500,000	11/01/25	10/24/08	5,791.66	SMART TAXABLE	04/01/12	500,000	
M07B	G.A.O. HOMES PARTNERS, RLLLP	2,240,000	12/01/28	11/25/08	13,429.93	SMART T-E	04/01/12	2,144,238	
M07B	COTTONWOOD APARTMENTS	619,000	02/01/27	12/04/07	3,405.82	SMART T-E	05/01/12	606,439	
M07B	VILLAS AT SLOANS LAKE	1,805,290	04/01/28	03/10/08	12,218.88	SMART TAXABLE	05/01/12	1,773,948	
M07B Total								57,646,339	
M08A	CONTI	184,000	09/01/26	08/03/06	1,339.55	BF CHFA RURAL	04/01/12	150,722	
M08A	PRIMA MEADOW MOUNTAIN LLC	301,500	03/01/28	02/22/08	2,284.00	BF CHFA RURAL	04/01/12	268,542	
M08A	13TH STREET ADVENTURE LLC	754,000	05/01/28	04/16/08	5,688.00	BF CHFA DIRECT	05/01/12	673,205	
M08A	LLC	400,000	05/01/28	04/17/08	3,186.00	BF CHFA DIRECT	04/01/12	361,030	
M08A	INC	559,938	06/01/28	05/06/08	4,391.75	BF CHFA RURAL	04/01/12	505,650	
M08A	SUPERIOR ONE LLC	935,000	06/01/28	05/14/08	7,082.00	BF CHFA DIRECT	04/01/12	840,065	
M08A	HOLMBERG	375,000	06/01/28	05/20/08	2,851.00	BF CHFA RURAL	04/01/12	337,143	
M08A	CAPITOL HILL MANSION INC	727,800	07/01/28	06/26/08	5,774.43	BF CHFA DIRECT	04/01/12	660,078	
M08A	FINANCIAL SERVICES LLC	900,000	08/01/28	07/03/08	6,789.87	BF CHFA DIRECT	04/01/12	812,756	
M08A	SPS REAL ESTATE HOLDINGS LLC	1,555,500	08/01/28	07/03/08	11,735.16	BF CHFA DIRECT	04/01/12	1,404,714	
M08A	THE PROPERTIES OF HEALING LLC	378,480	08/01/28	07/25/08	2,998.30	BF CHFA DIRECT	04/01/12	344,098	
M08A	ESG LLC	331,009	09/01/28	08/06/08	2,536.59	BF CHFA DIRECT	04/01/12	299,303	
M08A	SUPRISE VENTURES LLC	477,000	08/01/28	07/30/08	3,669.60	BF SBA 504	04/01/12	431,933	
M08A	STIMSON WAREHOUSE LLC	495,000	11/01/28	10/08/08	3,912.36	BF CHFA RURAL	04/01/12	453,435	
M08A	KOSLA	1,955,000	01/01/29	12/23/08	14,749.11	BF CHFA DIRECT	04/01/12	1,789,906	
M08A	PARTNERS LLC	2,465,000	02/01/29	01/08/09	19,408.16	BF CHFA DIRECT	04/01/12	2,274,314	
M08A	ASCENT SOLAR TECHNOLOGIES INC	7,499,806	02/01/28	02/08/08	57,800.89	BF CHFA DIRECT	05/01/12	6,802,636	
M08A	HAERTER HOLDINGS LLC	739,500	03/01/29	02/27/09	5,979.99	BF CHFA DIRECT	04/01/12	686,061	
M08A	BETHLEHEM SQUARE APARTMENTS	892,195	08/01/18	01/24/08	9,308.35	IRP	04/01/12	604,537	
M08A	VILLAGE ON ELIZABETH LLLP	900,000	06/01/26	05/20/08	5,876.39	SMART TAXABLE	04/01/12	875,473	
M08A	LIGGINS TOWER APARTMENTS	1,500,000	01/01/39	02/25/08	9,284.59	SMART T-E	04/01/12	1,440,890	

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Bond Issue	Borrower	Note Amount	Maturity		PI Amount	Loan Program Type	Next Due		Current Balance
			Date	Note Date			Date	Date	
M08A	BETHLEHEM SQUARE APARTMENTS	4,413,000	06/01/49	01/24/08	24,743.95	SMART T-E	04/01/12	4,336,725	
M08A Total								26,353,214	
M08B	AIR FORCE ACADEMY	21,665,000	04/10/52	05/01/07	98,306.42	DIRECT BOND	04/01/12	21,665,000	
M08B	FORCE ACADEMY AIR	11,350,000	04/10/52	05/01/07	53,121.72	DIRECT BOND	04/01/12	11,350,000	
M08B	FORT CARSON FAMILY HOUSIN	107,249,516	09/15/44	11/29/06	573,233.24	DIRECT BOND	04/29/12	105,113,336	
M08B	FORT CARSON FAMILY HOUSIN	11,074,136	09/15/44	11/29/06	57,617.32	DIRECT BOND	04/15/12	10,853,564	
M08B	FORCE ACADEMY AIR	1,670,000	04/10/52	05/01/07	7,946.42	DIRECT BOND	04/01/12	1,670,000	
M08B	FORCE ACADEMY AIR	12,330,000	04/10/52	11/10/11	124,476.05	DIRECT BOND	04/10/12	12,330,000	
M08B Total								162,981,900	
M08C	CENTER INC	6,046,000	03/01/28	02/12/08	35,475.00	BF NON PROFIT	04/01/12	5,709,113	
M08C	CONKLIN	315,000	03/01/28	02/28/08	2,386.00	BF CHFA RURAL	04/01/12	280,581	
M08C	CURIOUS THEATRE COMPANY	500,000	05/01/38	04/03/08	3,046.00	BF NON PROFIT	04/01/12	474,455	
M08C	HEET LLC	497,250	06/01/28	05/21/08	3,811.00	BF CHFA DIRECT	04/01/12	447,512	
M08C	BJG LLC	350,000	06/01/28	05/29/08	2,682.12	BF CHFA RURAL	04/01/12	315,011	
M08C	HOMELESS	1,230,000	07/01/33	06/03/08	8,045.64	BF NON PROFIT	04/01/12	1,144,751	
M08C	GREEN LEVEL REALTY LLC	3,004,750	07/01/28	06/19/08	23,567.00	BF CHFA DIRECT	04/01/12	2,720,790	
M08C	1965 PROPERTIES LLC	342,000	09/01/28	08/28/08	2,682.40	BF CHFA RURAL	05/01/12	310,512	
M08C	RANTA SHOP COMMERCIAL LLC	498,800	10/01/28	09/11/08	3,852.23	BF CHFA RURAL	04/01/12	466,438	
M08C	LOZYNIAC	470,991	10/01/28	09/25/08	3,708.34	BF CHFA RURAL	04/01/12	430,113	
M08C	OFFICE DIGS LLC	612,000	11/01/28	10/08/08	4,744.83	BF CHFA RURAL	04/01/12	559,244	
M08C	ROUNDUP FOUNDATION INC	1,150,000	11/01/38	10/28/08	7,118.19	BF NON PROFIT	05/01/12	1,100,705	
M08C	VERTICAL ARTS STUDIO LLC	750,000	12/01/28	11/24/08	5,680.46	BF CHFA RURAL	04/01/12	695,304	
M08C	SCUDDER LLC	405,230	02/01/29	01/21/09	3,057.18	BF CHFA DIRECT	05/01/12	371,040	
M08C	HUGHES STATION LLLP	5,725,000	11/01/21	10/27/08	29,918.37	SMART T-E	04/01/12	5,584,558	
M08C	PALOMA VILLAS III	1,417,000	01/01/29	12/22/08	9,285.02	SMART TAXABLE	05/01/12	1,364,908	
M08C	GRACE APARTMENTS	400,000	05/01/21	04/09/09	2,625.87	SMART TAXABLE	04/01/12	392,130	
M08C	PAYNE CHAPEL HOUSING	1,929,500	06/30/12	07/21/09		SMART T-E	04/01/12	1,929,500	
M08C	ARCHDIOCESAN FAMILY HOUSING	227,400	03/01/31	03/04/10	19,327.13	SMART T-E	05/01/12	3,445,342	
M08C	VILLAS AT THE BLUFF	1,500,000	05/01/30	04/15/10	9,629.47	SMART TAXABLE	04/01/12	1,469,277	
M08C	BROADWAY JUNCTION	480,000	09/01/30	08/05/10	3,070.43	SMART TAXABLE	05/01/12	476,580	
M08C	ARBOR VISTA APARTMENTS	1,726,930	09/01/29	08/18/09	11,467.04	SMART TAXABLE	05/01/12	1,700,052	
M08C Total								31,387,914	
M09A	TIARA APARTMENTS LTD	1,430,700	12/01/14	07/01/84	10,730.86	221 (D) 4	04/01/12	312,354	
M09A	W.H.E.R.E.	700,000	01/01/20	12/29/89	5,014.89	MF 501(C)3	05/01/12	452,460	
M09A	FOUNDATION	177,100	07/01/23	05/30/91	1,284.10	MF 501(C)3	04/01/12	115,284	
M09A	ARVADA PLACE	769,144	04/01/22	03/31/92	5,576.83	MF 501(C)3	04/01/12	464,688	
M09A	FOUNT MESA	1,077,751	03/01/23	02/24/93	7,814.44	MF 501(C)3	05/01/12	685,117	
M09A	TOWNHOUSE PARK APARTMENTS	153,000	11/01/23	09/29/93	1,122.66	MF 501(C)3	05/01/12	98,964	
M09A	APARTMENTS	5,010,200	03/01/36	06/26/96	27,747.23	542 (C)	04/01/12	4,329,093	
M09A	FORUM BUILDING HOUSING LLLP	465,000	06/01/27	05/23/97	2,941.18	542 (C)	04/01/12	355,553	
M09A	WOODLANDS APARTMENTS	5,506,800	02/01/38	01/23/98	30,865.74	542 (C)	04/01/12	4,864,383	
M09A	URBAN PEAK	225,000	03/01/29	02/12/99	1,496.93	SMART T-E	04/01/12	176,079	
M09A	VILLAGE PLACE ASSOCIATES LLL	3,100,000	01/01/27	12/07/06	17,818.92	SMART T-E	04/01/12	3,040,312	
M09A	RENAISSANCE 88 APARTMENTS LLLP	8,952,748	03/01/49	02/28/07	50,828.29	542 (C)	04/01/12	8,783,645	
M09A	A.T. LEWIS BUILDING LLC	4,142,782	12/01/27	11/19/97	34,933.99	542 (C)	04/01/12	3,788,025	
M09A	WESTWOOD APARTMENTS	2,111,722	10/01/38	09/15/98	14,458.88	542 (C)	04/01/12	2,035,259	
M09A	LEGACY CENTER INC	1,477,885	05/01/36	04/04/96	9,454.83	542 (C)	04/01/12	1,445,796	
M09A	RENAISSANCE 88 APARTMENTS LLLP	372,264	04/01/14	02/28/07	9,754.04	IRP	04/01/12	281,681	
M09A	COLUMBINE CT	406,845	06/01/20	01/03/79	5,192.68	221 (D) 3	04/01/12	389,680	
M09A	HANIGAN	225,142	11/01/19	03/13/89	2,938.80	221 (D) 4	04/01/12	214,405	
M09A	MARCELLA	1,867,872	08/01/19	03/01/77	28,419.99	221 (D) 4	04/01/12	1,763,497	
M09A	NIBLOCK	186,441	10/01/26	12/24/85	2,575.54	221 (D) 4	04/01/12	183,383	
M09A Total								33,779,658	
Grand Total								702,351,872	

As of April 1, 2012, the total Fund Balances held in the various Funds and Accounts under the Master Indenture were \$154,003,509. As of the same date, the moneys in these Funds and Accounts were invested in the following types of Investment Securities:

<u>Investment Type</u>	<u>Amount</u>
Federal Home Loan Bank	\$ 7,640,864
Federal Home Loan Mortgage Corporation	3,518,710
Federal National Mortgage Association	8,615,819
GNMA MBS	16,073,716
Investment Agreements	38,740,410
Money Market Funds	65,265,240
Repurchase Agreement	<u>14,148,748</u>
	\$154,003,509

APPENDIX H

Federal Insurance Programs

Federal Insurance Programs. There are various programs under which mortgage loans for families of low and moderate income may be insured by the FHA, including Section 221(d)(3) and 221(d)(4) of the National Housing Act of 1934, as amended, Section 223(f) pursuant to Section 207 of the National Housing Act and Section 542(c) of the Housing and Community Development Act of 1992, as amended.

The Section 542(c) program was instituted to provide for insurance of multi-family loans pursuant to risk-sharing agreements between HUD and qualified state or local housing agencies, such as the Authority. The FHA regulations applicable to Section 542(c) insurance are contained in 24 CFR Part 266. Under the Section 542(c) program, housing finance agencies may apply to qualify as a participating "HFA." HUD assigns to participating HFAs the authority to originate loans to be insured under this program and the responsibility to administer the program within the guidelines of the risk-sharing agreement, providing, among other matters, that, in the event of a loan default with respect to a loan insured under the Section 542(c) program, the HFA is required to share with HUD in any loss arising as a consequence of the loan default. The Authority has been approved as a participating HFA and has entered into a Risk-Sharing Agreement with HUD dated as of April 26, 1994, as subsequently amended (the "**CHFA Risk-Sharing Agreement**"). Under the CHFA Risk-Sharing Agreement, the Authority has assumed 50% of that risk of loss associated with the Mortgage Loans insured pursuant thereto. The Authority has been allocated in the CHFA Risk-Sharing Agreement 8,660 units to be originated by the Authority in accordance with this Program. See "Part II – COLORADO HOUSING AND FINANCE AUTHORITY – General Obligations of the Authority" for a description of Section 542(c) claims relating to certain outstanding mortgage loans which may increase the general obligations of the Authority.

Applications for insurance commitments under the FHA's Section 221(d)(4) mortgage insurance program may undergo several processing stages. Processing in connection with newly constructed projects may proceed through Site Appraisal and Market Analysis ("**SAMA**") and "firm commitment" stages prior to receiving FHA insurance at the time of "initial endorsement" by FHA evidencing its commitment to insure construction advances or to provide insurance upon completion of construction of the project. Commitments in connection with projects which are being substantially rehabilitated may proceed through a feasibility stage, as well as the firm commitment stage. Processing may include the SAMA or feasibility stages or both stages may be bypassed, with direct application for a firm commitment. After receipt of the firm commitment, the Borrower proceeds to initial closing of the mortgage loan. At the initial closing, the Borrower executes a standard form of FHA mortgage note evidencing the mortgage loan and an FHA standard form of mortgage securing the mortgage note. Concurrently with the execution of the mortgage and mortgage note, FHA initially endorses the mortgage note for mortgage insurance and funds are advanced to provide for initial fees and expenses, including land acquisition costs, title costs, design architect, attorney, inspection and other related fees and expenses. Final endorsement of the mortgage note occurs only after cost certification is completed. Increases in the maximum insurable amount of the mortgage loan approved by FHA and the Authority, as mortgagee, are funded at this time. Amounts remaining to be advanced under the mortgage will be disbursed, contingent upon FHA approval, the receipt of acceptable title insurance endorsements and the fulfillment of certain other obligations of the Borrower. FHA and the Authority, as mortgagee review the final closing documents and the mortgage note is finally endorsed upon a determination by the Authority and the FHA that all requirements of final endorsement have been satisfied.

FHA Insurance Claims in the Event of Default. Under Section 542(c) of the Housing and Community Development Act of 1992, as amended, and the applicable regulations, an event of default under a Section 542(c)-insured mortgage exists when the mortgagor fails to make any payment due under the mortgage or fails to perform any covenant under the mortgage (including covenants in the related CHFA Regulatory Agreement). In the event of a default continuing for a period of 30 days and, in the case of a covenant default, if the Authority accelerates the debt and the mortgagor fails to pay the full amount due, the Authority is entitled to receive FHA insurance benefits to the extent described and upon compliance with the applicable claims procedures set forth in the Housing and Community Development Act of 1992, as amended, and applicable regulations promulgated thereunder. **The proceeds of the initial claim payment, however, must be used to retire any bonds or other financing mechanisms securing the mortgage loan within 30 days of the initial claim payment, and any excess funds resulting from such retirement or repayment must be returned to HUD within 30 days of such retirement. See the discussion of redemption provisions in Part I.** Within 30 days of receiving the initial claim payment, the Authority is required to issue to HUD a debenture (the "**Authority Debenture**"), dated the same date as the initial claim payment is issued and in an amount equal to the full initial claim amount, less any excess funds returned to HUD as described above. The Authority Debenture will be supported by the full faith and credit of the Authority, will have a term of five years and will bear interest at HUD's published debenture rate as provided in the applicable regulations. Interest on the Authority Debenture will be due and payable annually on the anniversary date of the initial claim payment.

The Authority is required to file an application for final settlement in accordance with applicable HUD procedures not later than 30 days after either (a) sale of the mortgaged property after foreclosure or after acquisition by deed-in-lieu of foreclosure or (b) expiration of the term of the Authority Debenture. At the time of final settlement, the amount of the "total loss," as provided in the applicable regulations, will be shared by HUD and the Authority based upon the respective percentage of risk specified in the applicable mortgage note and addendum to the Risk-Sharing Agreement. If the initial claim payment is less than HUD's share of the total loss, HUD is required to make a final claim payment to the Authority equal to the difference and to return the Authority Debenture for cancellation. If the initial claim payment is more than HUD's share of the total loss, the Authority is required to pay the difference within 30 days of notification by HUD of the amount due, and the Authority Debenture will be considered redeemed upon receipt of the payment.

In connection with the Section 221(d)(4) program, the National Housing Act defines an event of default under an FHA-insured mortgage as failure to make any payment due under the mortgage or to perform any other mortgage covenant (which includes covenants in the related financing documents and FHA Regulatory Agreement) if the mortgagee, because of such failure, has accelerated the debt. In the event of a default continuing for a period of 30 days, the mortgagee (i.e., the Authority so long as it is the mortgagee under the mortgage loans) is entitled to receive FHA insurance benefits upon compliance with the applicable claims procedures as set forth in the National Housing Act and applicable regulations promulgated thereunder. In the event of a default on the Mortgage Loan, the FHA will pay insurance benefits equal to the sum of (i) the unpaid principal amount of the Mortgage Loan computed as of the date of default, (ii) certain eligible payments (such as taxes, insurance, special assessments, water rates and payments made by the mortgagee, with the approval of HUD, for the preservation of the Project), and (iii) interest on the insurance proceeds from the date the mortgagee is entitled to receive insurance benefits at the applicable FHA debenture rate (which interest may be limited in the event that certain notices are not given to the FHA within the prescribed time periods). The FHA insurance benefits are reduced, however, by (i) any net income received by the mortgagee from the Project subsequent to the default, (ii) any amounts received by the mortgagee on account of the mortgage loan after a default, (iii) amounts held in escrow by the mortgagee for the account of the Borrower and available to be applied to the outstanding indebtedness under the mortgage loan, and (iv) unless the mortgagee forecloses and conveys title to the

Project to the FHA, an amount equal to 1% of the unpaid principal balance of the mortgage loan. Due to the 30-day grace period before the mortgagee is entitled to receive insurance benefits, FHA insurance benefits do not cover all defaulted interest payments because such proceeds would not include one month's interest on the unpaid principal balance of the Mortgage Loan.

Furthermore, mortgage insurance benefits under Section 221(d)(4) of the National Housing Act are payable in cash unless the mortgagee files a written request for payment in debentures. If debentures are issued to the mortgagee in payment of the FHA mortgage insurance benefits, they are issued as of the date of default, registered as to principal and interest and mature twenty (20) years from their date of issue. The debentures bear interest at the applicable debenture rate from the date of issue, payable semiannually on January 1 and July 1 of each year. FHA debentures are, however, redeemable at the option of the FHA on any interest payment date upon three-months' prior notice at a price equal to their principal amount plus accrued interest. Payment of mortgage insurance benefits under this program will be conditioned upon the satisfactory performance of certain obligations required pursuant to the insurance program, including maintenance of certain escrow accounts, annual inspections, maintenance of property insurance and maintenance of specified records. See "Part II – CERTAIN BONDOWNERS' RISKS - Conditions to Payment of FHA Insurance."

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APPENDIX I

Description of Section 8 Subsidy Program

General. Section 8 of the United States Housing Act of 1937, as amended (the "**1937 Housing Act**"), and regulations promulgated thereunder, provide for the payment of a housing subsidy made to or for the account of the owner of dwelling units occupied by lower income and very low-income families (as further described below under "Eligible Tenants"), which payments are to be administered through state housing finance agencies, including the Authority. The description of the Section 8 Program contained herein is qualified in its entirety by reference to the applicable provisions of the 1937 Act, as amended and the regulations promulgated thereunder.

Eligible Tenants and Occupancy Restrictions. Pursuant to the 1937 Housing Act, as amended, "lower income families" means those families whose income does not exceed 80% of the median income for the area as determined by HUD and "very low-income families" means those families whose income does not exceed 50% of the median income for the area as determined by HUD. Pursuant to amendments to the 1937 Housing Act effected by the Housing and Community Development Amendments of 1981 (the "1981 Amendments"), not more than 10% (subsequently changed to 25%) of the dwelling units which were available for occupancy under HAP Contracts (as defined below) before the effective date of the 1981 Amendments (October 1, 1981) and which will be leased thereafter are available for leasing by lower income families other than very low-income families, and not more than 15% of the dwelling units which become available for occupancy under HAP Contracts after the effective date of the 1981 Amendments are available for leasing by lower income families other than very low-income families, although, except with prior approval of HUD, only very low-income families are eligible tenants for most Section 8 projects after July 1, 1984.

Subsidy Contracts and Pledge of Payments. Under the Section 8 subsidy program, as administered through the Authority, three principal contracts have been executed. First, the Authority enters into an Agreement to Enter Into Housing Assistance Payments Contract ("**Agreement to Enter**") with the developer or owner of the development to be constructed or rehabilitated. With respect to new construction and substantial rehabilitation Projects, the Agreement to Enter is approved by HUD and, subject to certain conditions, commits the owner and the Authority to enter into a Housing Assistance Payments Contract ("**HAP Contract**") upon completion and acceptance of the development. Under the HAP Contract, the Authority agrees to pay a subsidy to or for the account of the owner. At or prior to the time that the Agreement to Enter is executed, the Authority and HUD execute an Annual Contributions Contract ("**ACC**") which provides for the payment to the Authority by HUD of the subsidy which the Authority has contracted to pay to the owner under the HAP Contract. The HAP Contract may be executed with respect to separate stages of a development completed at different times. *With respect to the Projects heretofore financed from Bond proceeds, the terms of the ACCs and HAP Contracts generally have been renewed for varying contract terms of one to 20 years, although the terms of the Mortgage Loans with respect to such Projects in most cases exceed 40 years. Certain Projects financed from Bond proceeds are assisted under HUD's Section 8 Moderate Rehabilitation Program, under which the terms of the applicable ACCs and HAP Contracts are for one year subject to annual renewal, although the terms of the Mortgage Loans with respect to such Projects in most cases exceed 30 years.*

The regulations permit the owner and the Authority to pledge the federal subsidy payments as security for financing of the development. Prior to any disbursement of a Mortgage Loan for a development which is to be subsidized under Section 8, the Authority requires the owner of the development to pledge such federal subsidy payments as security for the Mortgage Loan on the development.

Calculation and Payment of Subsidy. Section 8 subsidies are based upon the Contract Rent applicable to subsidized dwelling units. The Contract Rent must be reasonable in relation to the rents for comparable units in the area, taking into account the quality, location, amenities and management and maintenance services of the development, and must reflect the savings, if any, from the reduced cost of tax-exempt financing or the abatement of real property taxes. The ACC establishes a maximum annual commitment which equals the initial Contract Rent and an allowance for utilities for all assisted units in the development. The Contract Rent may not exceed the applicable HUD-established Fair Market Rent, or in certain cases up to 120% of such Fair Market Rent. Under certain circumstances, the Contract Rent may be changed during the construction or rehabilitation process as a result of unanticipated design changes or due to unforeseen factors beyond the owner's control. In cases where the procedure established by a May 1980 HUD memorandum is applicable, the Fair Market Rent employed for purposes of establishing this ceiling may be the Fair Market Rent in effect when permanent financing is obtained for the related development.

The subsidy is paid into a special account maintained by the Authority for the receipt of Section 8 payments and, upon receipt of satisfactory certifications from the owner, the Authority disburses such payments to the owner.

The amount of subsidy actually payable for the account of the owner is the Contract Rent less the payment, if any, required to be made to the owner by the tenant as determined by HUD. The tenant payment is generally equal to 30% of family income. Thus, the total rental income from subsidized housing units payable to or for the account of the owner is equal to the Contract Rent part being paid by the tenants directly to the owner and the remainder being paid by HUD directly or through the Authority. The proportion of the Contract Rent actually paid by HUD and that actually paid by tenants will vary depending upon tenant income.

Generally, the Section 8 subsidy is payable with respect to the assisted dwelling unit only when it is occupied by an eligible family. However, the law and the regulations provide for payment of the subsidy under certain limited circumstances when the dwelling unit is not occupied as described below.

A subsidy amounting to 80% of the Contract Rent is payable for a vacancy period of up to 60 days (i) during the rent-up period following the completion of the development or a stage of the development and (ii) upon occurrence of a vacancy in an assisted dwelling unit after it is initially rented, subject in each case to compliance by the owner with certain conditions relating primarily to a diligent effort to rent the subsidized unit. With respect to new construction and substantial rehabilitation Projects, such payments may continue for an additional one-year period in an amount equal to the debt service attributable to the unit, contingent upon, among other things, the additional conditions that the unit is in decent, safe and sanitary condition during the vacancy period, that the development is not providing the owner thereof with revenues at least equal to the costs incurred by such owner, that the amount of the payments requested is not in excess of that portion of the deficiency which is attributable to the vacant unit for the period of the vacancy and that there is a reasonable prospect that the development can achieve financial soundness within a reasonable time.

Adjustment of Subsidy Amount. The statute and applicable regulations contain various provisions for review and readjustment of the amount of the subsidy upward or downward, subject to the limitation that in no case shall the adjustment lower the Contract Rent below that effective on the date of the HAP Contract and that no adjustment shall result in a material difference between the rents charged for subsidized and comparable nonsubsidized dwelling units.

On October 23, 1981, HUD promulgated a "Financing Adjustment Factor" in order to help developments achieve financial feasibility in the face of high interest rates (the "**1981 Adjustment**"). The

1981 Adjustment provided that, where necessary to reflect the actual cost of permanent financing, Fair Market Rents would be adjusted by HUD to the extent necessary to reflect an effective interest rate on the permanent financing of up to approximately 12.5%. The regulation and HUD Notice prescribing the 1981 Adjustment stated that, subject to compliance with certain administrative conditions, the Contract Rent for developments eligible for the 1981 Adjustment would be adjusted to reflect the actual financing costs attributable to the effective interest rate on the permanent financing of the developments (up to an effective rate of approximately 12.5%).

Aside from the 1981 Adjustment, provision is made in the regulations for HUD to determine an Annual Adjustment Factor at least annually and to publish such Factor in the Federal Register. On each anniversary date of the HAP Contract, Contract Rent is adjusted in accordance with the Factor. In addition, provision is made in the regulations for discretionary approval of special additional adjustments to reflect increases in actual and necessary expenses of owning and maintaining the subsidized units which have resulted from substantial general increases in real property taxes, utility rates or similar costs, to the extent the owner clearly demonstrates that such general increases are not adequately compensated for by the Annual Adjustments. Pursuant to the 1981 Amendments, any adjustments will be limited to the amount of operating cost increases incurred with respect to comparable unassisted rental dwellings of various sizes and types in the same market area. The principal effect of this limitation is to eliminate the debt service component from the Contract Rent before application of the Annual Adjustment resulting in a smaller annual adjustment to the Contract Rent than would have otherwise been the case.

Funds for the payment of increased subsidies which may result from the adjustments described above are to be obtained in two ways. Provision is made in the law for the payment by HUD into a special reserve account in respect of each subsidized development of the amount by which the Contract Rent in effect from time to time exceeds the actual subsidy paid by HUD (the amount is, in effect, the equivalent of the amount of rent paid by the tenants). The amount of increases in the subsidy payable by reason of increases in the Contract Rent resulting from the adjustment described above will initially be drawn from this account. The regulations provide that when the HUD-approved commitment then in effect would cause the amount in such reserve account to be less than 40% of such maximum annual ACC commitment, HUD shall take such additional steps authorized by subdivision (c)(6) of Section 8 as may be necessary to obtain funds to bring the amount in the account to the 40% level.

Compliance with Subsidy Contracts. The Agreement to Enter, the ACC and the HAP Contract contain numerous agreements on the part of the Authority and the owner including maintenance of the development as decent, safe and sanitary housing and compliance with a number of requirements typical of federal contracts (such as those relating to nondiscrimination, equal employment opportunity, relocation, pollution control and labor standards) as to which noncompliance by either the Authority or the owner, or both, might endanger the payment of the federal subsidy. Reference is made to the complete text of these agreements, the forms of which are available for inspection at the offices of the Authority. *The Authority is not presently aware of any existing default by itself or any owner under the subsidy contracts for any of the Mortgage Loans financed from the proceeds of its Outstanding Bonds, nor does it believe that compliance with any provision of such contracts cannot be attained.* Prior to any disbursement of a Mortgage Loan for a development to be subsidized under Section 8, the Authority has entered into an agreement with the owner requiring the owner to take or refrain from taking action as necessary to maintain eligibility for Section 8 subsidies for assisted dwelling units in the development during the term of the HAP Contract.

The regulations provide that, in the event of foreclosure, or assignment or sale to the Authority in lieu of foreclosure, or in the event of an assignment or sale approved by HUD (which approval shall not be unreasonably delayed or withheld), subsidy payments will continue in accordance with the HAP Contract.

Revised Procedures for New Construction and Substantial Rehabilitation. Revised regulations governing the Section 8 subsidy program for state housing agencies with respect to new construction and substantial rehabilitation projects are in effect (together, the "**Revised Regulations**"). The Revised Regulations effected substantial changes in the processing and financing of housing developments under the Section 8 subsidy program. Except for certain provisions dealing with the termination and modification of leases, the Revised Regulations are not applicable to the developments permanently financed by the Bonds of the Authority issued prior to 1982. The Revised Regulations have effected several changes to the Section 8 subsidy program regulations, including a requirement that owners use their best efforts to achieve occupancy by families with incomes averaging at least 40% of the median income in the area for the purpose of promoting economically mixed housing (the revised regulation provides that owners must undertake marketing activities which will result in leasing assisted units to non-elderly families).

Regulations Applicable to Moderate Rehabilitation. The regulations applicable to moderate rehabilitation under Section 8 differ, in certain respects, from those for new construction and substantial rehabilitation. Among such differences, the moderate rehabilitation regulations provide that:

- (a) Fair Market is determined by a different HUD schedule;
- (b) the initial Contract Rent may exceed Fair Market Rent by a maximum of 20%, if warranted by special circumstances acceptable to HUD; and
- (c) the HAP Contract must be for a term of 15 years; and
- (d) the initial lease must be for at least one year and any renewal or extension must not exceed the remaining term of the HAP Contract.

The regulations provide that for moderate rehabilitation HAP contracts with expiration dates between October 1, 2000 and September 30, 2002, renewal HAP contracts will be executed pursuant to Section 524(b)(3) of MAHRA at rent levels equal to the lesser of:

- (a) existing contract rents, adjusted by an Operating Cost Adjustment Factor (OCAF);
- (b) the moderate rehabilitation fair market rents (i.e., 120% of the existing fair market rents) less any amounts allowed for tenant-purchased utilities; or
- (iii) comparable market rents for the market area.

Mark-to-Market Program and Other Options for Expiring HAP Contracts. In 1997, Congress approved the Multifamily Assisted Housing Reform and Affordability Act of 1997 ("**Title V**"). Amended by Public Law 106-74, enacted in October 1999, Title V provides certain options to owners seeking renewal of HAP Contracts, including a program (the "**Mark-to-Market Program**"), beginning in fiscal year 1999, pursuant to which projects having FHA-insured mortgages, expiring HAP Contracts and above-market rents, including certain projects financed by the Mortgage Loans, are eligible for debt restructuring plans provided that rent levels are reduced to comparable market levels. Such restructuring may include refinancing and/or partial payment of mortgage debt necessary to permit the required reduction of rent levels. As part of the restructuring plan, HAP Contracts are to be renewed to provide either project-based assistance (in which case the payments would be reduced based on reduced rent levels) or tenant-based assistance, subject to the availability of funding. The Section 8 subsidy is required to remain project-based if (a) there is a market-wide vacancy rate of 6% or less; (b) at least 50% of the units in the project are occupied by elderly and/or disabled families; or (c) the project is held by a nonprofit cooperative ownership housing corporation or trust. Otherwise, the restructuring plan will also

include an assessment, based on factors set forth in regulations promulgated under Title V, as to whether some or all of the assistance should be converted to tenant-based subsidy.

Alternatively, owners eligible for the Mark-to-Market Program may elect to apply for HAP Contract renewal under such program, assuming a reduction in rent levels to comparable market levels, without debt restructuring. Title V requires HUD to renew HAP Contracts for project-based assistance, upon request of the owner, but at reduced payment levels based on rents reduced to comparable market levels, absent certain material adverse conduct or conditions described in the succeeding paragraph; provided, however, that such renewal is not required if the project is eligible for the Mark-to-Market Program, no approved restructuring plan is in place, and HUD determines that such restructuring is required. Certain "exception projects" (including projects having non-FHA-insured loans, moderate rehabilitation projects, and projects having FHA-insured loans financed by a state government, local government, or an agency or instrumentality thereof, such as the Authority, if HUD determines that implementation of a mortgage restructuring plan would be in conflict with applicable law or agreements governing the financing) are eligible for renewal of project-based assistance, without restructuring, with rents at the lesser of: (i) existing rents adjusted by an operating costs adjustment factor ("OCAF") established by HUD; or (ii) a budget-based rent determined by HUD. In addition, Title V provides that owners of certain projects having FHA-insured mortgages and below market rents may elect to be entered into a Mark-Up-to-Market Program pursuant to which rent levels for such projects may be increased to market or near market levels.

Title V provides that no restructuring or renewal of HAP Contracts will occur if the owner of the project, or affiliate, has engaged in material adverse financial or managerial actions with respect to that project or other federally assisted projects, or if the poor condition of the project cannot be remedied in a cost effective manner. In addition, although Title V offers options to owners seeking to renew HAP Contracts, owners are under no obligation to do so and may elect to opt out of the Section 8 program. Elections to pursue any of the options under Title V must be made at least 120 days prior to the expiration of the existing HAP Contract to avoid a lapse in subsidy coverage. While applications for the debt restructuring and/or renewal of HAP Contracts are pending, the HAP contract may be renewed as follows: (i) at current rents for a period not exceeding one year (or the closing of the restructuring plan, if earlier) and (ii) at comparable rent levels for any subsequent periods; provided however, that with respect to contract renewal for "exception projects" the extension term is to be determined by HUD.

Payments due under any HAP Contract, including renewal contracts, are subject to annual appropriation and adjustment as described herein.

Generally, the HAP contracts applicable to the Projects are renewals of previous HAP contracts, in some cases after "mark-to-market" mortgage restructurings, pursuant to Title V. The insured and uninsured rental loans typically require borrowers to renew the respective HAP contract for the longer of the minimum period that the related project is subject to low-income occupancy and rent restrictions under the CHFA Regulatory Agreement (15 or 20 years) or the period the insured or uninsured rental loan is outstanding. There is no assurance that such renewals will be provided by HUD, as they are subject, among other things, to the availability of Congressional appropriations. The failure or inability to renew the HAP contracts could adversely affect the sufficiency of Revenues and assets pledged under the Master Indenture for payment of the Bonds outstanding thereunder or increase the level of prepayments. See "Part II – CERTAIN BONDOWNERS' RISKS – Considerations Regarding Redemption."

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APPENDIX J-1

Form of Authority Continuing Disclosure Undertaking

CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (this "**Disclosure Certificate**") is executed and delivered by the COLORADO HOUSING AND FINANCE AUTHORITY, a body corporate and political subdivision of the State of Colorado (the "**Authority**"), in connection with the issuance of Colorado Housing and Finance Authority Multi-Family/Project Class I Bonds, 2012 Series B (the "**Series Bonds**"). The Series Bonds are being issued pursuant to the Master Indenture of Trust dated as of March 1, 2000, as amended (the "**Master Indenture**") and the 2012 Series B Indenture dated as of October 1, 2012 (the "**Series Indenture**" and, together with the Master Indenture, the "**Indenture**"), each between the Authority and Wells Fargo Bank, National Association, as Trustee (the "**Trustee**").

BACKGROUND

1. The Series Bonds are being issued to provide funds expected to be used to fund a loan, to make deposits to certain funds and accounts, to pay certain costs of issuance of the Series Bonds, and to otherwise attain the goals of the Authority pursuant to the Colorado Housing and Finance Authority Act.

2. In order to allow the Participating Underwriter (as defined in Rule 15c2-12 defined below) of the Series Bonds to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities and Exchange Act of 1934 (17 CFR Part 240, § 240.15c2-12) as amended to the date hereof ("**Rule 15c2-12**"), the Authority has agreed to make certain continuing disclosure undertakings for the benefit of owners (including beneficial owners) of the Series Bonds.

3. This Disclosure Certificate is intended to satisfy the requirements of said Rule 15c2-12, as in effect on the date hereof.

AUTHORITY COVENANTS AND AGREEMENTS

Section 1. Definitions.

(a) "Annual Financial Information" means the financial information or operating data with respect to the Authority or other obligated person described in Section 2(g) hereof, as applicable, delivered at least annually pursuant to Sections 2(a) and 2(b) hereof, of the type set forth in the sections of the final Official Statement, including, but not limited to, such financial information and operating data set forth in "Part II – COLORADO HOUSING AND FINANCE AUTHORITY – Programs to Date," **Appendix B** – "OUTSTANDING MASTER INDENTURE OBLIGATIONS," and **Appendix G-2** – "CERTAIN INFORMATION ABOUT THE MASTER INDENTURE LOAN PORTFOLIO, AUTHORITY PROJECTS AND FUND BALANCES."

(b) "Audited Financial Statements" means the annual financial statements for the Authority or other obligated person described in Section 2(g) hereof, as applicable, prepared in accordance with generally accepted accounting principles consistently applied, as in effect from time to time, audited by a firm of certified public accountants.

(c) EMMA" means the MSRB's Electronic Municipal Market Access System, with a portal at <http://emma.msrb.org>.

(d) "Events" means any of the events listed in Section 2(e) hereof.

(e) "MSRB" means the Municipal Securities Rulemaking Board. The current address of the MSRB is 1900 Duke Street, #600, Alexandria, Virginia 22314; fax: 703-797-6700.

(f) "Official Statement" means the Official Statement delivered in connection with the original issue and sale of the Series Bonds.

(g) "Rule 15c2-12" means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as amended (17 CFR Part 240, § 240.15c2-12), as the same may be amended from time to time.

(h) "SEC" means the Securities and Exchange Commission.

(i) "State" means the State of Colorado.

(j) "Underwriter" means D.A. Davidson & Co., 1600 Broadway, Suite 1100, Denver, Colorado, which is the Participating Underwriter.

Section 2. Provision of Annual Information and Reporting of Events.

(a) Commencing with the fiscal year ending December 31, 2012 and annually while the Series Bonds remain outstanding, the Authority agrees to provide or cause to be provided annually to EMMA (with a copy, upon request, to the Underwriter) the following information:

i. Annual Financial Information; and

ii. Audited Financial Statements, if prepared.

(b) Such Annual Financial Information shall be provided not later than 240 days after the end of each fiscal year for the Authority (i.e., each December 31). If not provided at the same time as the Annual Financial Information, the Audited Financial Statements will be provided when available.

(c) The Authority may provide Annual Financial Information and Audited Financial Statements by specific reference to other documents, including information reports and official statements relating to other debt issues of the Authority, which have been submitted to EMMA or other repositories as required by Rule 15c2-12; provided, however, that if the document so referenced is a final official statement within the meaning of Rule 15c2-12, such final official statement must also be available from the MSRB. The Authority shall clearly identify each such other document so incorporated by cross-reference.

(d)(1) At any time the Series Bonds are outstanding, in a timely manner not in excess of ten (10) business days after the occurrence of an Event, the Authority shall provide to EMMA notice of the occurrence of any of the following Events with respect to the Series Bonds:

- (A) principal and interest payment delinquencies;
- (B) unscheduled draws on debt service reserves reflecting financial difficulties;
- (C) unscheduled draws on credit enhancements reflecting financial difficulties;
- (D) substitution of credit or liquidity providers, or their failure to perform;
- (E) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series Bonds, or other material events affecting the tax status of the Series Bonds;
- (F) defeasances;
- (G) rating changes;
- (H) tender offers; and
- (I) bankruptcy, insolvency, receivership, or similar event of any obligated person.

For the purposes of the Event identified in paragraph (2)(e)(1)(I) hereof, the Event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(2) At any time the Series Bonds are outstanding, in a timely manner not in excess of ten (10) business days after the occurrence of an Event, the Authority shall provide to EMMA notice of the occurrence of any of the following Events with respect to the Series Bonds, if material:

- (A) non-payment related defaults;
- (B) modifications to the rights of the beneficial owners of the Series Bonds;
- (C) bond calls;
- (D) release, substitution or sale of property securing repayment of the Series Bonds;
- (E) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the

obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; and

(F) appointment of a successor or additional trustee or a change in the name of a trustee.

(e) At any time the Series Bonds are outstanding, the Authority shall provide, in a timely manner, to EMMA, with a copy to the Underwriter, notice of any failure of the Authority to timely provide the Annual Financial Information as specified in Sections 2(a) and 2(b) hereof.

(f) Obligated Persons. As of the date of issuance of the Series Bonds, the Borrower for the 2012B Project will be an "obligated person" in respect of the Series Bonds within the meaning of Rule 15c2-12. The Authority, prior to or in connection with the origination of the 2012B Loan (as defined in the Official Statement) to such Borrower for the 2012B Project, will confirm that such Borrower has separately agreed, for the benefit of the owners (including beneficial owners) of the Series Bonds, to provide to the Authority Annual Financial Information and Audited Financial Statements with respect to itself not later than 180 days after the end of each fiscal year for such Borrower to the extent that such Borrower continues to constitute an "obligated person" in respect of the Series Bonds within the meaning of Rule 15c2-12. The Authority has agreed to forward to EMMA such Audited Financial Statements promptly upon receipt from such Borrower. The Authority has no obligation to examine or review such Audited Financial Statements to verify the accuracy or completeness of such Audited Financial Statements, and is not otherwise obligated to make such continuing disclosure undertakings on behalf of the Borrower.

In addition, the Authority covenants to provide Audited Financial Statements for any other Borrower or other person who shall constitute an "obligated person" with respect to the Series Bonds, or to cause such obligated person to provide such Audited Financial Statements, if the total amount of such person's annual obligations in respect of the Series Bonds are equal to or greater than 20% of the average annual debt service requirements on the Series Bonds.

Section 3. Method of Transmission. Subject to technical and economic feasibility, the Authority shall employ such methods of electronic or physical information transmission as is requested or recommended by the MSRB unless otherwise required by law.

Section 4. Enforcement. The obligations of the Authority hereunder shall be for the benefit of the owners (including beneficial owners) of the Series Bonds. The owner or beneficial owner of any Series Bonds is authorized to take action to seek specific performance by court order to compel the Authority to comply with its obligations under this Disclosure Certificate, which action shall be the exclusive remedy available to it or any other owners or beneficial owners of the Series Bonds; provided, that any owner or beneficial owner of Series Bonds seeking to require the Authority to comply with this Disclosure Certificate shall first provide at least 30 days' prior written notice to the Authority of the Authority's failure, giving reasonable detail of such failure following which notice the Authority shall have 30 days to comply. Any such action shall be brought only in a court of competent jurisdiction in the City and County of Denver, Colorado. Breach of the obligations of Authority hereunder shall not constitute an Event of Default under the Indenture and none of the rights and remedies provided by the Indenture shall be available to the owners of the Series Bonds or the Trustee therein appointed.

Section 5. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set

forth in this Disclosure Certificate or any other means of communication, or including any other annual information or notice of occurrence of an event which is not an Event, in addition to that which is required by this Disclosure Certificate; provided that the Authority shall not be required to do so. If the Authority chooses to include any annual information or notice of occurrence of an event in addition to that which is specifically required by this Disclosure Certificate, the Authority shall have no obligation under this Disclosure Certificate to update such information or include it in any future annual filing or Event filing.

Section 6. Term. This Disclosure Certificate shall be in effect from and after issuance and delivery of the Series Bonds and shall extend to the earliest of (i) the date all principal and interest on the Series Bonds shall have been deemed paid or legally defeased pursuant to the terms of the Indenture; (ii) the date that the Authority and each person named or described in Section 2(f) hereof shall no longer constitute an "obligated person" with respect to the Series Bonds within the meaning of Rule 15c2-12; or (iii) the date on which those portions of Rule 15c2-12 which require this Disclosure Certificate are determined to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Series Bonds, the determination of (i), (ii) or (iii) herein to be made in any manner deemed appropriate by the Authority, including by an opinion of counsel experienced in federal securities law selected by the Authority.

Section 7. Amendments and Waivers. Notwithstanding any other provision of this Disclosure Certificate, the Authority may amend this Disclosure Certificate from time to time, and any provision of this Disclosure Certificate may be waived, without the consent of the owners or beneficial owners of the Series Bonds upon the Authority's receipt of an opinion of counsel experienced in federal securities laws to the effect that such amendment or waiver will not adversely affect compliance with Rule 15c2-12. Any Annual Financial Information containing amended operating data or financial information will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided. If an amendment changes the accounting principles to be followed in preparing financial statements, the Annual Financial Information for the year in which the change is made will present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The Authority shall provide notice of such amendment or waiver to EMMA as required by Rule 15c2-12 and the Underwriter.

Section 8. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Authority, the Underwriter and the owners (including beneficial owners) from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated as of October __, 2012.

COLORADO HOUSING AND FINANCE
AUTHORITY

By: _____
Executive Director

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APPENDIX J-2

Form of Borrower Continuing Disclosure Undertaking

BORROWER CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the "**Disclosure Certificate**") is executed and delivered by Residences at University Hills LLC (the "**Borrower**"), in connection with the issuance by the Colorado Housing and Finance Authority of its Colorado Housing and Finance Authority Multi-Family/Project Class I Bonds, 2012 Series B (the "**Series Bonds**"). The Series Bonds are being issued pursuant to the Master Indenture of Trust dated as of March 1, 2000, as amended (the "**Master Indenture**") and the 2012 Series B Indenture dated as of October 1, 2012 (the "**Series Indenture**," and together with the Master Indenture, the "**Indenture**"), each between the Authority and Wells Fargo Bank, National Association, as Trustee (the "**Trustee**").

BACKGROUND

1. The Series Bonds are being issued to provide funds expected to be used to fund a loan, to make deposits to certain funds and accounts, to pay certain costs of issuance of the Series Bonds, and to otherwise attain the goals of the Authority pursuant to the Colorado Housing and Finance Authority Act.
2. In order to allow the Participating Underwriter (as defined in Rule 15c2-12 defined below) of the Series Bonds to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities and Exchange Act of 1934 (17 CFR Part 240, § 240.15c2-12) as amended to the date hereof ("**Rule 15c2-12**"), the Authority has agreed to make certain continuing disclosure undertakings for the benefit of owners (including beneficial owners) of the Series Bonds.
3. This Disclosure Certificate is intended to satisfy the requirements of said Rule 15c2-12, as in effect on the date hereof.

BORROWER COVENANTS AND AGREEMENTS

Section 1. Definitions.

- (a) "Annual Financial Information" means the financial information or operating data with respect to the Borrower or the Project, delivered at least annually pursuant to Section 2(a) and 2(b) hereof, of the type set forth in Appendix G-1 of the Official Statement.
- (b) "Audited Financial Statements" means the annual financial statements for the Borrower prepared in accordance with generally accepted accounting principles, consistently applied, as in effect from time to time, audited by a firm of certified public accountants.
- (c) "Authority" means the Colorado Housing and Finance Authority.
- (d) "EMMA" means the MSRB's Electronic Municipal Market Access System, with a portal at <http://emma.msrb.org>.
- (e) "MSRB" means the Municipal Securities Rulemaking Board. The current address of the MSRB is 1900 Duke Street, #600, Alexandria, Virginia 22314; fax: 703-797-6700.

(f) "Official Statement" means the Official Statement delivered in connection with the original issue and sale of the Series Bonds.

(g) "Rule 15c2-12" means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as amended (17 CFR Part 240, § 240.15c2-12), as the same may be amended from time to time.

(h) "SEC" means the Securities and Exchange Commission.

(i) "State" means the State of Colorado.

(j) "Underwriter" means D.A. Davidson & Co., 1600 Broadway, Suite 1100, Denver, Colorado, which is the Participating Underwriter.

Section 2. Provision of Annual Information; Event Notice.

(a) Commencing with the first fiscal year following the fiscal year in which this Agreement is executed and annually while the Series Bonds remain outstanding, the Borrower agrees to provide or cause to be provided annually to the Authority (with a copy, upon request, to the Underwriter) its Annual Financial Information and Audited Financial Statements.

(b) Such Audited Financial Statements shall be provided to the Authority not later than 180 days after the end of each fiscal year for the Borrower. The Authority shall forward the Annual Financial Information and Audited Financial Statements so provided to EMMA promptly upon receipt from the Borrower. The Authority shall have no obligation to examine or review the Annual Financial Information and Audited Financial Statements, and shall have no duty to verify the accuracy or completeness of the Annual Financial Information and Audited Financial Statements.

(c) At any time the Series Bonds are outstanding, the Borrower shall provide, in a timely manner, to EMMA, with a copy to the Underwriter and the Authority, notice of any failure of the Borrower to timely provide the Annual Financial Information as specified in Sections 2(a) and 2(b) hereof.

(d) At any time the Series Bonds are outstanding, the Borrower shall provide, in a timely manner not in excess of five (5) business days after the occurrence, notice of any bankruptcy, insolvency, receivership, or similar event of the Borrower or any of its members.

Section 3. Method of Transmission. Subject to technical and economic feasibility, the Authority shall employ such methods of electronic or physical information transmission as is requested or recommended by the Repositories or the MSRB unless otherwise required by law. The Borrower shall provide to the Authority Audited Financial Statements in such form and by such means as shall be requested by the Authority from time to time to enable the Authority to comply with the preceding sentence.

Section 4. Enforcement. The obligations of the Borrower hereunder shall be for the benefit of the owners (including beneficial owners) of the Series Bonds. The owner or beneficial owner of any Series Bonds is authorized to take action to seek specific performance by court order to compel the Borrower to comply with its obligations under this Disclosure Certificate, which action shall be the exclusive remedy available to it or any other owners or beneficial owners of the Series Bonds; provided, that, any owner or beneficial owner of Series Bonds seeking to require the Authority to comply with this Disclosure Certificate shall first provide at least 30 days' prior written notice to the Authority of the

Authority's failure, giving reasonable detail of such failure following which notice the Authority shall have 30 days to comply. Any such action shall be brought only in a court of competent jurisdiction in the City and County of Denver, Colorado. Breach of the obligations of the Borrower hereunder shall not constitute an Event of Default under the Indenture and none of the rights and remedies provided by the Indenture shall be available to the owners of the Series Bonds or the Trustee therein appointed.

Section 5. Additional Information. Nothing in the Disclosure Certificate shall be deemed to prevent the Borrower from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other annual information, in addition to that which is required by this Disclosure Certificate; provided that the Borrower shall not be required to do so. If the Borrower chooses to include any annual information in addition to that which is specifically required by this Disclosure Certificate, the Borrower shall have no obligation under this Disclosure Certificate to update such information or include it in any future annual filing.

Section 6. Term. This Disclosure Certificate shall be in effect from and after the issuance and delivery of the Series Bonds and shall extend to the earliest of (i) the date all principal and interest on the Series Bonds shall have been deemed paid or legally defeased pursuant to the terms of the Indenture; (ii) the date that the Borrower shall no longer constitute an "obligated person" with respect to the Series Bonds within the meaning of Rule 15c2-12; or (iii) the date on which those portions of Rule 15c2-12 which require this Disclosure Certificate are determined to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Series Bonds, the determination of (i), (ii) or (iii) herein to be made in any manner deemed appropriate by the Authority by an opinion of counsel experienced in federal securities law selected by the Authority.

Section 7. Amendments and Waivers. Notwithstanding any other provision of the Disclosure Certificate, the Borrower may amend this Disclosure Certificate from time to time, and any provision of this Disclosure Certificate may be waived, without the consent of the owners or beneficial owners of the Series Bonds upon the Borrower's receipt of an opinion of counsel experienced in federal securities laws satisfactory to and approved by the Authority, to the effect that such amendment or waiver will not adversely affect compliance with Rule 15c2-12. The Borrower shall provide notice of such amendment or waiver to the Authority and the Underwriter, and the Authority shall then forward such notice to EMMA.

Section 8. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Borrower, the Underwriter, the Authority and the owners (including beneficial owners) from time to time of the Series Bonds, and shall create no rights in any other person or entity.

Date: October __, 2012.

RESIDENCES AT UNIVERSITY HILLS LLC

By: _____
Name: _____
Title: _____

AGREED to with regard to the Authority's
duties under Sections 2(b), 3 and 7:

COLORADO HOUSING AND FINANCE AUTHORITY

By: _____
Executive Director

APPENDIX K

Remarketing Agents under Master Indenture

Remarketing Agents for Adjustable Rate Bonds

In connection with the Adjustable Rate Bonds outstanding under the Master Indenture, the Authority has entered into remarketing agreements (the "**Remarketing Agreements**") with the respective remarketing agents set forth in the following table (the "**Remarketing Agents**").

Outstanding Remarketing Agents under Master Indenture as of April 1, 2012

<u>Series of Bonds</u>	<u>Remarketing Agent</u>
2000 Series A-1	Barclays Capital Inc.
2000 Series A-2	Barclays Capital Inc.
2000 Series B-3	Loop Capital Markets, LLC
2002 Series A-1	D.A. Davidson & Co.
2002 Series A-4	D.A. Davidson & Co.
2002 Series C-1	J.P. Morgan Securities LLC
2002 Series C-2	Barclays Capital Inc.
2002 Series C-4	Barclays Capital Inc.
2003 Series A-1	George K. Baum & Company
2003 Series A-2	George K. Baum & Company
2004 Series A-1	J.P. Morgan Securities LLC
2004 Series A-2	Loop Capital Markets, LLC
2005 Series A-1	J.P. Morgan Securities LLC
2005 Series A-2	Barclays Capital Inc.
2005 Series A-3	Barclays Capital Inc.
2005 Series B-1	D.A. Davidson & Co.
2005 Series B-2	D.A. Davidson & Co.
2006 Series A-1	Barclays Capital Inc.
2007 Series B-1	J.P. Morgan Securities LLC
2007 Series B-2	J.P. Morgan Securities LLC
2007 Series B-3	J.P. Morgan Securities LLC
2008 Series A-1	D.A. Davidson & Co.
2008 Series A-2	D.A. Davidson & Co.
2008 Series B	D.A. Davidson & Co.
2008 Series C-1	Loop Capital Markets, LLC
2008 Series C-2	D.A. Davidson & Co.
2008 Series C-3	D.A. Davidson & Co.
2008 Series C-4	D.A. Davidson & Co.
2009 Series A-1	Barclays Capital Inc.

The Remarketing Agents are Paid by the Authority

The Remarketing Agents' responsibilities include determining the interest rate from time to time and remarketing the respective Adjustable Rate Bonds that are optionally tendered by the owners. The Remarketing Agents are appointed by the Authority and are paid by the Authority for their respective services. As a result, the interests of the Remarketing Agents may differ from those of existing holders and potential purchasers of Adjustable Rate Bonds.

The Remarketing Agents May Purchase Adjustable Rate Bonds for their Own Account

The Remarketing Agents are permitted, but not obligated, to purchase the tendered Adjustable Rate Bonds for their own account. The Remarketing Agents, in their sole discretion, may acquire tendered Adjustable Rate Bonds for their own inventory in order to achieve a successful remarketing of the Adjustable Rate Bonds (*i.e.*, because there otherwise are not enough buyers to purchase the Adjustable Rate Bonds) or for other reasons. However, the Remarketing Agents are not obligated to purchase Adjustable Rate Bonds, and may cease doing so at any time without notice. The Remarketing Agents may also make a market in the Adjustable Rate Bonds by purchasing and selling such Adjustable Rate Bonds other than in connection with an optional tender and remarketing. Such purchases and sales may be at or below par. However, the Remarketing Agents are not required to make a market in the Adjustable Rate Bonds. If the Remarketing Agents purchase Adjustable Rate Bonds for their own account, they may offer those Adjustable Rate Bonds at a discount to par to some investors. The Remarketing Agents may also sell any Adjustable Rate Bonds they have purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the Adjustable Rate Bonds. The purchase of Adjustable Rate Bonds by the Remarketing Agents may create the appearance that there is greater third party demand for the Adjustable Rate Bonds in the market than is actually the case. The practices described above also may reduce the supply of Adjustable Rate Bonds that may be tendered in a remarketing.

Adjustable Rate Bonds may be Offered at Different Prices on any Date

The Remarketing Agents are required to determine on the rate determination date the applicable rate of interest that, in their judgment, is the lowest rate that would permit the sale of the respective Adjustable Rate Bonds at par plus accrued interest, if any, on the date the rate becomes effective (the "**Effective Date**"). The interest rate will reflect, among other factors, the level of market demand for such Adjustable Rate Bonds (including whether the Remarketing Agents are willing to purchase such remarketed Bonds for their own account). The Remarketing Agreements require that the Remarketing Agents use their best efforts to sell respective tendered Adjustable Rate Bonds at par, plus accrued interest. There may or may not be Adjustable Rate Bonds tendered and remarketed on a rate determination date or an Effective Date, the Remarketing Agents may or may not be able to remarket any respective Adjustable Rate Bonds tendered for purchase on such date at par and the Remarketing Agents may sell such Bonds at varying prices to different investors on such date or any other date. The Remarketing Agents are not obligated to advise purchasers in a remarketing if they do not have third party buyers for all of the Adjustable Rate Bonds at the remarketing price.

The Ability to Sell the Adjustable Rate Bonds other than through Tender Process may be Limited

While the Remarketing Agents may buy and sell the Adjustable Rate Bonds, they are not obligated to do so and may cease doing so at any time without notice. Thus, investors who purchase the Adjustable Rate Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their Adjustable Rate Bonds other than by tendering the Adjustable Rate Bonds in accordance with the tender process.